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AND DIGESTS OF MEASURES

2007

Constitution of 1879 as Amended

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

2007-08 Regular Session
2007-08 First Extraordinary Session
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CHAPTER 171

An act making appropriations for the support of the government of the State of California and for several public purposes in accordance with the provisions of Section 12 of Article IV of the Constitution of the State of California, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

I object to the following appropriations contained in Senate Bill 77.

Item 0250-001-0001—For support of Judicial Branch. I revise this item by deleting Provision 5.

I am deleting Provision 5, which would state the Legislature's intent that the Administrative Office of the Courts (AOC) prioritize existing resources to provide a \$5 increase to the hourly rates paid to attorneys in the Court Appointed Counsel Program (Program). A study of the Program's attorney rates is currently underway and is due to be completed by the end of August 2007. To the extent that the study justifies rate increases, the AOC has the ability to provide increases commensurate with the needs as determined by the study.

Item 0250-101-0932—For local assistance, Judicial Branch. I reduce this item from \$3,056,153,000 to \$3,035,796,000 by reducing:

(1) 45.10-Support for Operation of the Trial Courts from \$2,632,142,000 to \$2,611,785,000;

and by revising Provision 4.

I am reducing this item by \$20,357,000, which includes a reduction of \$17,377,000 for funding to support the implementation of the Omnibus Conservatorship and Guardianship Reform Act of 2006 (Act) and a reduction of \$2,980,000 for one month of savings related to the 50 new trial court judgeships established in 2006-07. It is my intention for the Judicial Branch to delay implementation of the Act until the 2008-09 fiscal year. Due to the timing of appointments and hiring, one month of the funding for new judgeships will not be necessary in 2007-08. These reductions are necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

I am revising Provision 4, which would require the Judicial Council to allocate not less than \$5,250,000 for court interpreter pay increases and other recruiting and retention incentives. Requiring the Judicial Council to allocate funds for court interpreter recruiting and retention incentives would alter the collective bargaining process by shifting the focus from the actual need for pay increases and other recruiting and retention measures, as negotiated through the normal process, to the minimum level of funding allocated.

Provision 4 is revised as follows:

“The funds appropriated in Schedule (4) shall be for payments for services of contractual court interpreters, and certified and registered court interpreters employed by the courts, and the following court interpreter coordinators: 1.0 each in counties of the 1st through the 15th classes, 0.5 each in counties of the 16th through the 31st classes, and 0.25 each in counties of the 32nd through the 58th classes. For the purposes of this provision, “court

interpreter coordinators” may be full- or part-time court employees, or those contracted by the court to perform these services.

The Judicial Council shall set statewide or regional rates and policies for payment of court interpreters, not to exceed the rate paid to certified interpreters in the federal court system. The Legislature finds and declares that there exists a shortage in the availability of certified and registered interpreters in the state courts that reduces the state’s ability to provide meaningful access to justice for all court users, including parties, witnesses, and victims. Therefore, every effort must be made to recruit and retain qualified interpreters to work in the state courts.

~~Of the amount appropriated in Schedule (4), not less than five million dollars (\$5,000,000), not including funds provided pursuant to Section 77202 of the Government Code, shall be provided to the trial courts for the purpose of adjusting or creating pay ranges for court interpreter employees that, at the top of the range, do not exceed the top step of the full performance range for staff interpreters in the Federal Courts as of the effective date of this provision. The establishment of pay ranges and their application to specific employee classifications shall be subject to meet and confer in good faith as provided in Chapter 7.5 (commencing with Section 71800) of Title 8 of the Government Code. The Judicial Council shall adjust statewide or regional rates for contract court interpreters in a manner that is equivalent to the average rate of increase provided to court interpreter employees. The Judicial Council shall notify the courts in each region of the availability of these funds for the purposes set forth in this provision, and shall allocate the funds upon notification that ranges and salary adjustments have been established and implemented as provided herein. In no event shall the daily rate set by the Judicial Council for contract interpreters exceed the equivalent median wage of court interpreters employed by the courts in each region.~~

~~Of the amount appropriated in Schedule (4), the Judicial Council shall allocate not less than two hundred fifty thousand dollars (\$250,000) to develop and make available to trial courts, interpreter training and recruitment programs including, but not limited to: 1) training programs designed for working interpreters who are subject to new certification exams in Russian, Western Armenian, Mandarin, Cambodian and Punjabi; 2) certification exam preparation courses for all languages subject to state certification exams; and 3) development of mentoring and internship programs in the trial courts for exam candidates attending educational institutions that train legal interpreters, subject to meet and confer in good faith as provided in Chapter 7.5 (commencing with Section 71800) of Title 8 of the Government Code. The Judicial Council shall adopt appropriate rules and procedures for the administration of these funds. The Judicial Council shall report to the Legislature and Director of Finance annually regarding expenditures from this schedule, which shall also include a report of expenditures for; equivalent work days of, non-certified and non-registered contract interpreters that provide interpretation services in the state trial courts; and number of interpreter vacancies filled.”~~

~~Item 0250-111-0001—For local assistance, Judicial Branch. I reduce this item from \$1,813,729,000 to \$1,793,372,000.~~

~~I am reducing this item by \$20,357,000 to conform with the action taken in Item 0250-101-0932.~~

~~Item 0530-001-9732—For support of Secretary of Health and Human Services Agency. I reduce this item from \$182,976,000 to \$177,841,000 by reducing:~~

- ~~(1) 30-Office of Systems Integration from \$182,976,000 to \$177,841,000.~~

This reduction conforms to the action taken in Item 5180-151-0001.

Item 0540-492—Reappropriation, Secretary for Resources. I revise this item by deleting Schedule 1.

“Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations is extended to June 30, 2008:

0001-General Fund

(1) ~~Item 0540-101-0001, Budget Act of 1999 (Ch. 50, Stats. 1999), as reappropriated by Item 0540-492, Budget Act of 2002 (Ch. 379, Stats. 2002), Item 0540-490, Budget Acts of 2003 (Ch. 157, Stats. 2003), 2005 (Chs. 38 and 39, Stats. 2005), and 2006 (Chs. 47 and 48, Stats. 2006), and Item 0540-491, Budget Act of 2004 (Ch. 208, Stats. 2004)~~

(2) Item 0540-101-0001, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 0540-490, Budget Acts of 2003 (Ch. 157, Stats. 2003), 2005 (Chs. 38 and 39, Stats. 2005), and 2006 (Chs. 47 and 48, Stats. 2006) and Item 0540-491, Budget Act of 2004 (Ch. 208, Stats. 2004)

(3) Item 0540-101-0001, Budget Act of 2001 (Ch. 106, Stats. 2001), as reappropriated by Item 0540-491, Budget Act of 2004 (Ch. 208, Stats. 2004), and Item 0540-490, Budget Acts of 2005 (Chs. 38 and 39, Stats. 2005) and 2006 (Chs. 47 and 48, Stats. 2006)”

I am eliminating the expenditure availability for two projects funded from the Coastal Resources Grant program. Funds for these projects have been available since 1999 and no funds have been expended on either project as required by the grant agreements. Several obstacles remain, making progress on these projects unlikely in the near future. Consequently, it would not be prudent to continue earmarking General Fund for these projects. This action will result in \$577,500 of General Fund savings.

Item 0552-001-0001—For support of the Office of the Inspector General. I reduce this item from \$19,265,000 to \$18,306,000 by reducing:

(1) 10-Office of Inspector General from \$19,265,000 to \$18,306,000, and by deleting Provision 1.

I am deleting the \$959,000 augmentation for the Office of the Inspector General (OIG) to implement their review of all candidates for superintendent in Division of Juvenile Justice facilities. Superintendent review was mandated by Chapter 709, Statutes of 2006 (AB 971). While I believe these activities are important, I am directing the OIG to delay implementation of this measure in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

Provision 1 would require the OIG to complete a study of custody resources within the California Department of Corrections and Rehabilitation’s (CDCR) budget related to the transfer of various medical guarding and transportation positions within the CDCR. I am concerned about the large number of programs being created and expanded within the OIG. The Budget includes additional resources for audits and investigations, auditing the budget of the California Prison Receivership, monitoring compliance with court orders in the Armstrong case, and chairing the California Rehabilitation Oversight Board created by Chapter 7, Statutes of 2007 (AB 900). Because of the increased workload requirements within their programmatic expansions and responsibilities, the OIG will not be able to complete this study. However, I am directing the CDCR’s reactivated Program Support Unit, whose historical responsibilities have included studying and making recommendations on custody staffing levels within the CDCR, to conduct this study.

Item 0690-002-0001—For Support of Office of Emergency Services. I delete Provision 4.

I am deleting Provision 4, which specifies that the duties and responsibilities of the State Anti-Gang Coordinator will be subject to additional definition in legislation. However, I will continue to work with the Legislature to further define the role of the Coordinator to assist state and local agencies in combating gang violence.

Item 0690-102-0214—For local assistance, Office of Emergency Services. I delete Provision 1.

I am deleting Provision 1, which specifies that funds for grants to cities and community-based organizations are for gang prevention, intervention, reentry, education, job training and skills development, and family and community services. In addition, the language in Provision 1 specifies that none of the funds can be used for law enforcement suppression activities or front-line police services.

While prevention and intervention are necessary components of a comprehensive anti-gang strategy, so is suppression. Therefore, I am vetoing Provision 1 and directing the State Anti-Gang Coordinator to draft and provide cities with grant instructions specifying that suppression activities are an allowable use of the funds, along with the other activities listed in Provision 1.

Item 0820-001-0001—For support of Department of Justice. I revise this item from \$404,237,000 to \$403,237,000, by reducing:

(8) 45-Public Rights from \$92,478,000 to \$89,312,000;

(15) Amount payable from Hazardous Waste Control Account (Item 0820-001-0014) from -\$1,973,000 to -\$987,000;

(26) Amount payable from the Toxic Substances Control Account (Item 0820-001-0557) -\$2,361,000 to -\$1,181,000;

and by deleting Provision 12.

I am deleting the \$1,000,000 legislative augmentation that would have provided funding for the Department of Justice (DOJ) to independently pursue climate change litigation as the plaintiff on behalf of the state. In the area of law related to climate change, the Air Resources Board (ARB) is the state agency with the responsibility to oversee litigation in that arena and has the funds to request the DOJ to pursue such litigation.

I am deleting Provision 12 to conform to this action.

I am reducing the Environmental Law Section's appropriations from the Hazardous Waste Control Account and the Toxic Substances Control Account by a total of \$2,166,000 to reflect half-year funding for the program, and I urge the Legislature to pass legislation that redirects these funds to the California Environmental Protection Agency's (Cal/EPA) and the Department of Toxic Substances Control's (DTSC) green chemistry initiative and returns the litigation oversight role in hazardous waste cases to Cal/EPA and DTSC. DTSC is increasingly turning to our local government partners and district attorneys to enforce California's hazardous waste laws. In addition, Cal/EPA and DTSC are developing a green chemistry initiative that will change the paradigm of toxic and chemical use and enforcement in California. The combination of these activities will improve our environment and human health through greater enforcement of current hazardous waste laws and usher in a new future to the approach of chemical use in California. In addition, when developing the 2008-09 Budget, we will review the litigation needs in this area and budget the necessary funds for legal services within DTSC's budget.

I am sustaining the \$541,000 legislative augmentation for the first year of a multi-year project to update the DOJ Automated Firearms Systems database. However, I am concerned that there has been no review done to ensure the information technology solution addresses

the program needs. In addition, I am concerned that competing demands for the Dealers' Record of Sale Special Account funds could necessitate an increase in fees on the sale of firearms. Therefore, in addition to having an approved feasibility study report prior to expending any funds, I am also requesting the DOJ to provide the Department of Finance and the Legislature with a long-term analysis of the fund, including any known pressures on that fund, to ensure that there are sufficient resources to cover the program costs without necessitating a fee increase.

Item 0820-001-0014—For support of Department of Justice. I reduce this item from \$1,973,000 to \$987,000.

I am revising this item to conform to the action I have taken in Item 0820-001-0001.

Item 0820-001-0557—For support of Department of Justice. I reduce this item from \$2,361,000 to \$1,181,000.

I am revising this item to conform to the action I have taken in Item 0820-001-0001.

Item 0855-101-0367—For local assistance, California Gambling Control Commission. I reduce this item from \$30,283,000 to \$283,000 and delete Provision 1.

I am deleting the \$30,000,000 for grants to local government agencies to mitigate the impacts on the local governments by tribal casinos. As evidenced in a recent Bureau of State Audits report, there is great concern regarding whether these funds are being used solely for their intended purpose, which is to mitigate the impacts of having tribal casinos in their communities. I will support legislation that includes an appropriation for mitigation funds if the process is reformed.

I am deleting Provision 1 to conform to this action.

With this reduction, there still remains \$283,000 for payment to Del Norte County which reflects local mitigation grant funding not received by Del Norte County from the Indian Gaming Special Distribution Fund in fiscal years 2003-04, 2004-05, and 2005-06.

Item 0860-001-0001—For support of State Board of Equalization. I reduce this item from \$218,835,000 to \$218,435,000 by reducing:

(2) 300000-Operating Expense and Equipment from \$96,269,000 to \$95,869,000, and by deleting Provision 3.

I am deleting this legislative augmentation of \$400,000 for a county assessor pilot program designed to promote taxpayer awareness of the requirement to pay use tax on non-exempt purchases if sales tax has not been paid. This reduction is necessary to limit program expansions and provide for a prudent General Fund reserve in light of the various uncertainties in revenues and spending that we face this year.

Item 0890-001-0001—For support of Secretary of State. I reduce this item from \$48,157,500 to \$47,822,000 by reducing:

(2) 20-Elections from \$46,933,500 to \$46,598,000.

I am deleting the \$335,500 legislative augmentation for 4.0 positions which would provide staffing to expand voter outreach and education efforts to support the three elections scheduled for 2008. During a time of limited General Fund resources, the counties, political parties, and civic organizations must step up and encourage and promote increased voter participation.

Item 3110-101-0001—For local assistance, Special Resources Program. I delete this item and Provision 1.

I am deleting the \$200,000 legislative augmentation for the Tahoe Regional Planning Agency for regulation enforcement and transit system development. It is premature to provide additional funding until the bi-state commission completes its report. With these

reductions, \$3,800,000 still remains to provide California's share of funding for the Tahoe Regional Planning Agency.

I am deleting Provision 1 to conform to this action.

Item 3340-101-6051—For local assistance, California Conservation Corps. I delete this item.

I am deleting the \$12,000,000 legislative augmentation that would provide \$1,000,000 to each of the 12 certified Local Conservation Corps. Notwithstanding the merit of the Local Corps programs, the California Conservation Corps is still in the process of developing grant guidelines for Proposition 84 bond funds. Furthermore, a recent audit of Proposition 12 and 40 bond funds identified a need for the Corps to improve its oversight of bond expenditures. The audit recommended that the Corps develop a corrective action plan prior to receiving additional bond funds. Therefore, it is necessary to delete this funding to ensure that bond proceeds are spent efficiently, effectively, and in a manner consistent with my Executive Order S-02-07 regarding bond accountability. I support funding for the Local Corps grant program when the grant guidelines and a corrective action plan that identifies appropriate oversight measures are in place.

Item 3360-001-0465—For Support, State Energy Resources Conservation and Development Commission. I revise this item by reducing:

- (1) 30-Development from \$128,807,000 to \$127,841,000, and
- (6) Reimbursements from -\$6,711,000 to -\$5,745,000.

I am eliminating a fund shift of \$966,000 from the Energy Resources Programs Account to reimbursements for the support of two contracts. Funding for these contracts was included in the budget of the Energy Commission (Commission) when I introduced the Governor's Budget last January. However, the Legislature removed the funds from the Commission's budget, placed them in the budget of the Air Resources Board, and indicated that the Commission may seek the funds by contracting with the Air Resources Board. This would have the effect of requiring both the Commission and the Air Board to engage in unnecessary work that would delay these important projects, and as such is unacceptable.

Item 3600-001-0001—For support of Department of Fish and Game. I reduce this item from \$84,503,000 to \$82,998,000 by reducing:

- (3) 30-Management of Department Lands and Facilities from \$54,180,000 to \$53,342,000;
- (4) 40-Enforcement from \$61,705,000 to \$60,200,000; and
- (22) Amount payable from the Coastal Wetlands Account (Item 3600-001-3104) from -\$974,000 to -\$136,000.

I am reducing the \$3,000,000 legislative augmentation for Fish and Game Warden recruitment and retention by \$1,505,000. Last year, for the first time in several years, I increased salaries by 25 percent during the three years of the bargaining agreement. I am sustaining \$1,495,000 to provide overtime funding for wardens and lieutenants, which continues my commitment to address compensation issues. However, this partial veto is necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

I am also revising this item to conform to the actions I have taken in Item 3600-001-3104.

Item 3600-001-3104—For support of Department of Fish and Game. I reduce this item from \$974,000 to \$136,000.

I am deleting the \$838,000 legislative augmentation for the maintenance and management of Department of Fish and Game coastal wetlands properties. Last year, I

sustained a \$5,000,000 transfer from the General Fund to the Coastal Wetlands Account to create an endowment to provide ongoing, sustainable funding for coastal wetlands management activities. This augmentation, if sustained for 2007-08 and continued in future years, would spend down the endowment in approximately six years, and place additional cost pressure on the General Fund at that time. With this reduction, \$1,400,000 million and 18.1 positions remain for coastal wetlands management.

Item 3720-001-0001—For support of California Coastal Commission. I reduce this item from \$11,881,000 to \$11,501,000 by reducing:

- (1) 10—Coastal Management Program from \$15,909,000 to \$15,529,000.

I am deleting the \$380,000 legislative augmentation for coastal enforcement. The California Coastal Commission has the authority to adjust its fees, and I am willing to consider augmentations that address the Commission's workload needs once fees have been adjusted to cover associated costs. Currently, however, the proposed augmentation would result in additional General Fund costs. This reduction is necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. With this reduction \$15,529,000 still remains to support the Commission's coastal management program.

Item 3780-001-0001—For support of Native American Heritage Commission. I reduce this item from \$970,000 to \$770,000 by reducing:

- (1) 10—Native American Heritage Commission from \$975,000 to \$775,000.

I am deleting the \$200,000 legislative augmentation for 2.0 positions to implement legislative mandates. This reduction is necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. With this reduction \$775,000 remains to support the Native American Heritage Commission.

Item 3790-301-6051—For capital outlay, Department of Parks and Recreation. I reduce this item from \$60,878,000 to \$45,878,000 by reducing:

- (3.7) 90.RS.412-Statewide: State Park System Opportunity and Inholding Acquisitions—Acquisition from \$30,000,000 to \$15,000,000.

I am vetoing \$15,000,000 of the \$25,000,000 augmentation to allow the Department sufficient resources for opportunity purchases and inholding acquisitions. The Department expended \$324,000,000 between 2000 and 2006 to acquire nearly 100,000 acres to expand the state park system. Given this recent significant investment, the Department should proceed cautiously to limit future operating costs.

Item 3790-492—Reappropriation, Department of Parks and Recreation. I revise this item by deleting Schedule 1.

“Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citation is extended as cited below:

6029--California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

(1) ~~Subdivision (b) of Section 2 of Chapter 1126 of the Statutes of 2002. The liquidation period for the grant of \$3,000,000 to the City of Oroville is extended to December 31, 2009.~~

I am eliminating the expenditure availability for this project funded from the Proposition 40 Historical and Cultural Resources Preservation Opportunity Grant Program. Funds for this project have been available for five years and have not yet been spent.

Item 3860-001-0001—For support of Department of Water Resources. I revise this item by reducing:

(1) 10-Continuing Formulation of the California Water Plan from \$120,292,000 to \$116,047,000, and

(29) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3860-001-6051) from -\$12,165,000 to -\$7,920,000.

I am revising this item to conform to the action taken in Item 3860-001-6051.

Item 3860-001-6051—For support of Department of Water Resources. I reduce this item from \$12,165,000 to \$7,920,000.

I am deleting the legislative augmentation of \$4,245,000 for watershed basin planning activities. Although I support this program, I believe that these activities should be funded through Proposition 84 funds available for the development of regional and local land use plans. Statewide water planning activity funds should be reserved for activities such as planning future water storage, adaptations of the state's water systems to climate change, and other activities that address the state's future water supply needs.

Item 3860-101-6051—For local assistance, Department of Water Resources. I reduce this item from \$229,340,000 to \$219,340,000.

I am deleting the legislative augmentation of \$10,000,000 for the Flood Protection Corridor Program. My proposal includes \$24,000,000 Proposition 84 funds for projects to implement Flood Protection Corridor Program. This funding is sufficient to meet the needs of the program for the budget year, and I will propose additional funds to implement Flood Protection Corridor projects in future budgets.

Item 3860-101-6052—For local assistance, Department of Water Resources. I reduce this item from \$197,450,000 to \$167,450,000.

I am deleting the legislative augmentation of \$30,000,000 for the Floodway Corridor Program. This augmentation is unnecessary because criteria have not been developed for this new program created by Proposition 1E. Thus, it is not feasible for grants to be solicited and awarded during the fiscal year. The Department of Water Resources will develop criteria for this program during the fiscal year, and funds to implement Floodway Corridor Program projects will be included in future budgets.

Item 3900-001-0465—For support of State Air Resources Board. I delete this item.

I am eliminating this item by reducing \$966,000 in funding from the Energy Resources Programs Account. This funding was intended to support two contracts that were proposed in the budget of the Energy Commission when I introduced the Governor's Budget last January. However, the Legislature removed the funds from the Commission's budget, placed them in the budget of the Air Resources Board, and indicated that the Commission may seek the funds by contracting with the Air Resources Board. This would have the effect of requiring both the Commission and the Air Board to engage in unnecessary work that would delay these important projects, and as such is unacceptable.

Item 3900-001-6053—For support of State Air Resources Board.

I am sustaining the legislative augmentation of an additional \$96,500,000 provided for school bus replacement and retrofits to reduce the air pollution emissions of older, high-polluting school buses. However, I note a concern with respect to the ability of the State Air Resources Board to allocate almost \$200 million in lower-emission school bus funding within the next two years. It is important that we do not sacrifice accountability in the interests of expediency. Therefore, while acknowledging the challenge that the State Air Resources Board faces in distributing these funds, I am directing the State Air Resources Board to allocate these funds expeditiously while ensuring consistency with

the accountability safeguards identified in my Executive Order S-02-07 for the bonds that were approved by the voters in the November 2006 general election.

Item 3900-001-6054—For support of State Air Resources Board.

I am sustaining the legislative augmentation of an additional \$139,000,000 provided for trade corridor emissions reductions to be expended in the budget year for this new program authorized by the voters in Proposition 1B in the November 2006 general election. Proposition 1B provides \$1 billion to fund projects intended to improve air quality along four of California's major transportation corridors: from the Los Angeles ports to the Inland Empire, State Route 99 in the Central Valley, the San Francisco Bay Area, and the San Diego border region. The State Air Resources Board will be developing program guidelines and will solicit project proposals. The projects to be funded are intended to achieve air quality improvements above and beyond anything required by current law or regulation.

The travelers on our busy trade corridors and the individuals who reside along their routes are demanding relief now—not many years from now. However, I am concerned about taxing the ability of the State Air Resources Board to develop program guidelines and allocate \$250,000,000 in the 2007-08 fiscal year. We must ensure effective expenditure of this bond funding. It is important that we do not sacrifice accountability in the interests of expediency. Therefore, while acknowledging the challenge that the State Air Resources Board faces in distributing these funds, I am directing the State Air Resources Board to ensure that this funding be allocated consistent with the accountability safeguards identified in my Executive Order S-02-07 for all bond funds approved by the voters in the November 2006 general election.

I am requesting the State Air Resources Board to develop program administrative guidelines that make sense, reduce bureaucratic red tape, simplify and expedite project application and award procedures, and ensure projects are completed in record time. The people who voted for Proposition 1B are demanding this action. I know that my colleagues in the Legislature agree with these goals, and that the staff of the State Air Resources Board is up to this challenge.

In addition, because the language adopted by the Legislature relies heavily on local and regional entities to carry out this program, I am calling on those entities to work closely with the State Air Resources Board and ensure they are prepared to submit applications to receive and allocate funding as soon as possible in this fiscal year.

Item 4260-001-0001—For support of Department of Health Care Services. I reduce this item from \$136,412,000 to \$136,218,000 by reducing:

- (1) 20-Health Care Services from \$385,348,000 to \$382,971,000;
 - (6) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4260-001-0080) from -\$198,000 to -\$142,000;
 - (8) Amount payable from the Federal Trust Fund (Item 4260-001-0890) from -\$224,133,000 to -\$224,036,000;
- and by deleting:
- (10) Amount payable from the California Discount Prescription Drug Program Fund (Item 4260-001-8040) (-\$2,030,000);
- and Provision 4.

I am deleting the \$56,000 legislative augmentation to restore 1.0 special funded position that was redirected from the Department of Health Services (DHS) to the new Department of Health Care Services. This will ensure the split of the DHS into two departments remains

budget-neutral, consistent with the intent of Chapter 241, Statutes of 2006 (SB 162). This action is consistent with the deletion of \$744,000 and 11.0 positions in the Department of Public Health.

I am also reducing \$56,000 in Item 4260-001-0080 to conform to this action.

Provision 4 prohibits the Department of Health Care Services from expending any funds to relocate the Fresno Medi-Cal Field Office. I am deleting Provision 4 because it interferes with the Executive Branch's ability to effectively administer programs. Maintaining the Department's ability to consolidate operations is an important component of increasing operational efficiencies.

I am deleting \$195,000 (\$98,000 General Fund and \$97,000 Federal Trust Fund) and 2.0 positions for the implementation of Chapter 328, Statutes of 2006 (SB 437), which included a pilot program for self-certification of income at enrollment for Medi-Cal and development of feasibility study reports to begin implementing changes to several automated eligibility systems. While I remain committed to implementation of these reforms, this reduction is needed to build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. I am directing the Department of Health Care Services to delay implementation for one year.

In order to further build a prudent reserve, I am deleting \$2,030,000 intended to specifically fund implementation costs for the California Discount Prescription Drug Program. I am directing the Department of Health Care Services to identify resources to move forward with implementation.

I am also deleting Item 4260-001-8040 to conform to this action.

I am deleting \$96,000 General Fund intended to fund implementation costs for the California Rx Prescription Drug Website Program and am directing the Department of Health Care Services to delay implementation of the program for one year.

Item 4260-001-0080—For support of Department of Health Care Services. I reduce this item from \$198,000 to \$142,000.

I am reducing this item to conform to the action I have taken in Item 4260-001-0001.

Item 4260-001-0890—For support of Department of Health Care Services. I reduce this item from \$224,133,000 to \$224,036,000.

I am reducing this item by \$97,000 to conform to the action I have taken in Item 4260-001-0001, related to the delayed implementation of Chapter 328, Statutes of 2006 (SB 437).

Item 4260-001-8040—For support of Department of Health Care Services. I delete this item.

I am deleting this item to conform to the action I have taken in Item 4260-001-0001 regarding the California Discount Prescription Drug Program.

Item 4260-006-0001—For transfer by the Controller to the California Discount Prescription Drug Program Fund. I delete this item and Provision 1.

I am deleting the \$6,330,000 in this item to conform to the actions I have taken in Items 4260-001-0001, 4260-001-8040, and 4260-119-8040 regarding the California Discount Prescription Drug Program.

I am also deleting Provision 1 to conform to this action.

Item 4260-101-0001—For local assistance, Department of Health Care Services. I reduce this item from \$14,313,728,000 to \$13,903,340,000 by reducing:

(1) 20.10.010-Eligibility (County Administration) from \$2,660,676,000 to \$2,633,842,000;

(3) 20.10.030-Benefits (Medical Care and Services) from \$32,222,681,000 to \$31,447,632,000; and

(8) Amount payable from the Federal Trust Fund (Item 4260-101-0890) from -\$20,595,964,000 to -\$20,204,469,000.

I am deleting the legislative augmentation of \$4,260,000 (\$2,130,000 General Fund and \$2,130,000 Federal Trust Fund) for workstation replacement to conform to the action taken in Item 5180-141-0001.

I am deleting \$106,286,000 (\$53,143,000 General Fund and \$53,143,000 Federal Trust Fund) of the funding for rates for managed health care plans in the Medi-Cal Program. This reduction is necessary to provide for a prudent General Fund reserve in light of the various uncertainties in revenues and spending that we face this year. With this reduction, \$108,000,000 (\$54,000,000 General Fund) still remains to fund rate increases for plans to ensure adequate access to care for low-income Californians.

I am reducing the Medi-Cal Program by \$644,893,000 (\$331,893,000 General Fund and \$313,000,000 Federal Trust Fund). This reduction is necessary to provide for a prudent General Fund reserve in light of the various uncertainties in revenues and spending that we face this year. This reduction is based on historical data showing that on average over the last three fiscal years, Medi-Cal expenditures have been more than \$400 million General Fund lower than the estimate.

I am deleting \$26,792,000 (\$13,396,000 General Fund and \$13,396,000 Federal Trust Fund) to delay the implementation of Chapter 328, Statutes of 2006 (SB 437), which included a pilot program for self-certification of income at enrollment for Medi-Cal and development of feasibility study reports to begin implementing changes to several automated eligibility systems. This action will delay implementation of SB 437 for one year. This reduction is necessary to provide for a prudent General Fund reserve in light of the various uncertainties in revenues and spending that we face this year.

I am reducing the \$19,652,000 (\$9,826,000 General Fund and \$9,826,000 Federal Trust Fund) in funding for the county grants portion of the Children's Outreach Initiative. This appropriation reduction is necessary to provide for a prudent General Fund reserve in light of the various uncertainties in revenues and spending that we face this year. With this reduction, \$147,020,000 (\$64,680,000 General Fund) still remains to fund other components of the Children's Outreach Initiative that streamline enrollment processes, improve retention, and support county-based enrollment efforts for children. The Department of Health Care Services will pay for any valid county claims for the Children's Outreach Initiative for the 2006-07 fiscal year from remaining funds within this item.

Item 4260-101-0890—For local assistance, Department of Health Care Services.

I reduce this item from \$20,595,964,000 to \$20,204,469,000.

I am reducing this item by \$391,495,000 to conform to the action I have taken in Item 4260-101-0001.

Item 4260-111-0001—For local assistance, Department of Health Care Services. I reduce this item from \$172,616,000 to \$162,616,000 by reducing:

(3) 20.35-Primary and Rural Health from \$53,289,000 to \$43,289,000, and by deleting Provision 3.

I am reducing \$10,000,000 General Fund from Expanded Access to Primary Care (EAPC) in order to help build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. I will seek a subsequent bill this session to

fund this program with Proposition 99 funding and maintain a constant level of funding in the program.

Provision 3 directs the Department of Health Care Services to work with various constituency groups to resolve issues with the timely discharge of patients enrolled in the California Children's Services Program. This requirement would result in an expenditure increase without regard to the availability of revenues. Consequently, I am vetoing this language.

Given the Legislature's interest in this area and the importance of this program, I am instructing the director of the Department of Health Care Services to continue the activities of this legislative request to the extent such activities can be achieved using existing resources and without impairing the Department of Health Care Services ability to perform its essential functions.

Item 4260-113-0001—For local assistance, Department of Health Care Services. I reduce this item from \$190,394,000 to \$185,171,000 by reducing:

(1) 20.10.010-Eligibility (County Administration) from \$20,783,000 to \$5,860,000, and

(4) Amount payable from the Federal Trust Fund (Item 4260-113-0890) from -\$330,184,000 to -\$320,484,000.

I am reducing the \$14,923,000 (\$5,223,000 General Fund and \$9,700,000 Federal Trust Fund) in funding for the county grants portion of the Children's Outreach Initiative to conform to the action I have taken in Item 4260-101-0001. The Department of Health Care Services will pay for any valid county claims for the Children's Outreach Initiative for the 2006-07 fiscal year from remaining funds within this item.

Item 4260-113-0890—For local assistance, Department of Health Care Services. I reduce this item from \$330,184,000 to \$320,484,000.

I am reducing this item by \$9,700,000 to conform to the action I have taken in Item 4260-113-0001.

Item 4260-119-8040—For local assistance, Department of Health Care Services. I delete this item.

I am deleting the \$4,300,000 intended specifically to fund local assistance implementation costs for the California Discount Prescription Drug Program. This action is necessary to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

Item 4265-001-0001—For support of Department of Public Health. I reduce this item from \$96,897,000 to \$95,460,000 by reducing:

(2) 20-Public and Environmental Health from \$504,804,000 to \$502,502,000;

(3) 30-Licensing and Certification from \$151,366,000 to \$150,935,000;

(6) Reimbursements from \$-36,726,000 to \$-36,605,000;

(14) Amount payable from the Radiation Control Fund (Item 4265-001-0075) from -\$22,620,000 to -\$22,402,000;

(16) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4265-001-0080) from -\$9,471,000 to -\$9,368,000;

(18) Amount payable from the Clinical Laboratory Improvement Fund (Item 4265-001-0098) from -\$5,571,000 to -\$5,517,000;

(24) Amount payable from the Genetic Disease Testing Fund (Item 4265-001-0203) from -\$113,633,000 to -\$113,577,000;

(31) Amount payable from the Safe Drinking Water Account (Item 4265-001-0306) from -\$11,383,000 to -\$11,204,000;

(37) Amount payable from the Federal Trust Fund (Item 4265-001-0890) from -\$212,090,000 to -\$211,956,000;

(41) Amount payable from the Licensing and Certification Trust Fund (Item 4265-001-3098) from -\$84,033,000 to -\$83,602,000;
and by deleting Provision 6.

I am reducing the \$744,000 legislative augmentation to restore 11.0 special funded positions that were redirected from the Department of Health Services (DHS) to administrative and managerial positions in the new Department of Health Care Services and Department of Public Health. This will ensure the split of the DHS into two departments remains budget-neutral, consistent with the intent of Chapter 241, Statutes of 2006 (SB 162). This action is consistent with the deletion of \$56,000 and 1.0 position in the Department of Health Care Services.

I am also reducing \$218,000 in Item 4265-001-0075, \$103,000 in Item 4265-001-0080, \$54,000 in Item 4265-001-0098, \$56,000 in Item 4265-001-0203, \$179,000 in Item 4265-001-0306, and \$134,000 in Item 4265-001-0890 to conform to this action.

I am also reducing \$1,314,000 and 9.0 positions to reflect a delay in implementation of the Healthcare Associated Infections Program under Chapter 526, Statutes of 2006 (SB 739) for one year. This action is necessary to help build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

I am also reducing \$431,000 and 3.0 positions in Item 4265-001-3098 to conform to this action.

I am reducing \$123,000 General Fund and 2.0 positions for the implementation of Chapter 328, Statutes of 2006 (SB 437), which required development of feasibility study reports to implement changes to several automated eligibility systems. I am taking this action to delay implementation for one year in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

I am also deleting Provision 6 which would require the Department of Public Health to provide an action plan to the Legislature by November 1, 2007, and addresses temporary management appointment issues identified by the Bureau of State Audits. This requirement would result in an expenditure increase without regard to the availability of revenues. Consequently, I am vetoing this language. Nevertheless, in recognition of the Legislature's desire to obtain this information, I am instructing the director of the Department of Public Health to comply with this legislative request to the extent compliance can be achieved using existing resources and without impairing the department's ability to perform its essential functions.

Item 4265-001-0075—For support of Department of Public Health. I reduce this item from \$22,620,000 to \$22,402,000.

I am reducing this item to conform to the action I have taken in Item 4265-001-0001.

Item 4265-001-0080—For support of Department of Public Health. I reduce this item from \$9,471,000 to \$9,368,000.

I am reducing this item to conform to the action I have taken in Item 4265-001-0001.

Item 4265-001-0098—For support of Department of Public Health. I reduce this item from \$5,571,000 to \$5,517,000.

I am reducing this item to conform to the action I have taken in Item 4265-001-0001.

Item 4265-001-0203—For support of Department of Public Health. I reduce this item from \$113,633,000 to \$113,577,000.

I am reducing this item to conform to the action I have taken in Item 4265-001-0001.

Item 4265-001-0306—For support of Department of Public Health. I reduce this item from \$11,383,000 to \$11,204,000.

I am reducing this item to conform to the action I have taken in Item 4265-001-0001.

Item 4265-001-0890—For support of Department of Public Health. I reduce this item from \$212,090,000 to \$211,956,000.

I am reducing this item to conform to the action I have taken in Item 4265-001-0001.

Item 4265-001-3098—For support of Department of Public Health. I reduce this item from \$84,033,000 to \$83,602,000.

I am reducing this item by \$431,000 and 3.0 positions to conform to the action I have taken in Item 4265-001-0001 related to the Healthcare Associated Infections Program.

Item 4265-111-0001—For support of Department of Public Health. I reduce this item from \$273,999,000 to \$265,499,000 by reducing:

- (1) 10.10-Emergency Preparedness from \$198,220,000 to \$189,720,000.

In order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year, I am reducing \$8,500,000 from this item on a one-time basis from the ongoing discretionary funding provided for allocation to local health departments for local pandemic influenza preparedness and response planning. Even with this reduction, \$10,000,000 remains to fund local health departments' emergency preparedness activities. In addition, \$8,500,000 remains to provide storage to protect the state's investment in medical supplies and equipment to address health care surge capacity needs.

Item 4280-001-0001—For support of Managed Risk Medical Insurance Board. I reduce this item from \$2,516,000 to \$2,400,000 by reducing:

- (3) 40-Healthy Families Program from \$9,495,000 to \$9,162,000, and
- (9) Amount payable from Federal Trust Fund (Item 4280-001-0890) from -\$7,000,000 to -\$6,783,000.

I am reducing \$333,000 (\$116,000 General Fund and \$217,000 Federal Trust Fund) and 3.0 positions for the implementation of Chapter 328, Statutes of 2006 (SB 437) which provided for a program to test self-certification of income at the Annual Eligibility Review for the Healthy Families Program. I am directing the Managed Risk Medical Insurance Board to delay implementation for one year to contribute to a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

Item 4280-001-0890—For support of Managed Risk Medical Insurance Board. I reduce this item from \$7,000,000 to \$6,783,000.

I am reducing this item by \$217,000 to conform to my actions in 4280-001-0001, related to the delayed implementation of Chapter 328, Statutes of 2006 (SB 437).

Item 4280-101-0890—For local assistance, Managed Risk Medical Insurance Board.

I reduce this item from \$732,337,000 to \$729,841,000.

I am reducing this item by \$2,496,000 to conform to the action I have taken in Item 4280-101-0001, related to the delayed implementation of Chapter 328, Statutes of 2006 (SB 437).

Item 4280-102-0001—For local assistance, Managed Risk Medical Insurance Board.

I reduce this item from \$26,520,000 to \$26,240,000 by reducing:

- (1) 40-Healthy Families Program from \$75,190,000 to \$74,396,000, and

(3) Amount payable from the Federal Trust Fund (Item 4280-102-0890) from -\$41,053,000 to -\$40,539,000.

I am deleting \$794,000 (\$280,000 General Fund and \$514,000 Federal Trust Fund) to conform to the action I have taken in Item 4280-001-0001, related to the delayed implementation of Chapter 328, Statutes of 2006 (SB 437).

Item 4280-102-0890—For local assistance, Managed Risk Medical Insurance Board. I reduce this item from \$41,053,000 to \$40,539,000.

I am reducing this item by \$514,000 to conform to the action I have taken in Item 4280-102-0001, related to the delayed implementation of Chapter 328, Statutes of 2006 (SB 437).

Item 4440-101-0001—For local assistance, Department of Mental Health. I revise this item from \$518,723,000 to \$463,873,000 by reducing:

(1) 10.25-Community Services—Other Treatment from \$705,124,000 to \$638,274,000, and

(6) Reimbursements from -\$1,132,671,000 to -\$1,120,671,000.

I am deleting the \$54,850,000 legislative augmentation for the Integrated Services for Homeless Adults with Serious Mental Illness Program. While I support the goals of the program, this reduction is necessary to limit program expansions and to help bring ongoing expenditures in line with existing resources. To the extent counties find this program beneficial and cost-effective, it can be restructured to meet the needs of each county's homeless population using other county funding sources, such as federal funds, realignment funds, or Proposition 63 funds.

I am reducing Schedule (6) to eliminate the \$12,000,000 legislative augmentation for the 5 percent rate restoration for mental health managed care. This technical veto is consistent with the legislative action taken in Item 4440-103-0001.

Item 4700-001-0001—For support of Department of Community Services and Development. I reduce this item from \$250,000 to \$150,000 by reducing:

(1) 47-Naturalization Services from \$250,000 to \$150,000.

I am deleting the \$100,000 legislative augmentation to expand the Naturalization Services Program. This action is necessary for a prudent reserve for economic uncertainties. With this reduction, \$3,000,000 still remains to support the Naturalization Services Program, and to assist legal immigrants in completing their citizenship application, citizenship testing, and in preparing for the interview. In addition, similar services are provided by the California Department of Education, such as instruction in civics and English.

I am also taking conforming action to reduce Item 4700-101-0001.

Item 4700-101-0001—For local assistance, Department of Community Services and Development. I reduce this item from \$4,750,000 to \$2,850,000 by reducing:

(1) 47-Naturalization Services from \$4,750,000 to \$2,850,000.

I am reducing this item by \$1,900,000 to conform to my action in Item 4700-001-0001.

Item 5180-001-0001—For support of Department of Social Services. I reduce this item from \$102,904,000 to \$102,717,000 by reducing:

(2) 25-Social Services and Licensing from \$161,486,000 to \$161,212,000;

(8) Amount payable from the Federal Trust Fund (Item 5180-001-0890) from -\$347,576,000 to -\$347,489,000;

and by deleting Provision 8.

I am reducing this item by \$274,000 (\$187,000 General Fund and \$87,000 Federal Trust Fund) for 3.0 positions on a one-time basis. This funding would have provided resources for the Department of Social Services to assist in sibling searches within the Adoptions Program, pursuant to legislation enacted during fiscal year 2006-07. While I support efforts to remove barriers to sibling reunification and facilitate the release of information between siblings, I am delaying implementation of this program for one year in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. I am reducing Item 5180-151-0001 by \$1,046,000 and Item 5180-151-0890 by \$794,000 to conform to this action.

Provision 8 requires the Department of Social Services to display legal accusations filed by the Department against a provider's license on the Community Care Licensing public website pages as a condition to spending set-aside funding of \$1,475,000 to implement its Licensing Reform Automation proposal. I am delaying implementation of this project for one year, to provide for a prudent General Fund reserve in light of the various uncertainties in revenues and spending that we face this year. I am also deleting the provisional language related to this project funding.

Item 5180-001-0890—For support of Department of Social Services. I reduce this item from \$347,576,000 to \$347,489,000 and delete Provision 4.

I am reducing this item to conform to the action I have taken in Item 5180-001-0001 related to sibling searches within the Adoptions Program.

I am deleting Provision 4 to conform to the action I have taken in Item 5180-001-0001 related to licensing reform automation costs.

Item 5180-151-0890—For local assistance, Department of Social Services. I reduce this item from \$1,222,557,000 to \$1,218,641,000.

I am reducing this item to conform to the actions I have taken in Item 5180-151-0001 related to workstation replacement, sibling searches within the Adoptions Program, and foster youth identify theft.

Item 5180-153-0001—For local assistance, Department of Social Services. I revise this item by deleting Provision 2.

Provision 2 requires the Department of Social Services to collaborate with stakeholders to develop the timeline, components, and execution of the evaluation of the Title IV-E Waiver. This requirement would result in an expenditure increase without regard to the availability of revenues. Consequently, I am vetoing this language. Nevertheless, I am directing the Department to work with stakeholders to facilitate the successful implementation of the Title IV-E Waiver, which allows participating counties flexibility in using federal Title IV-E foster care funds for direct services and supports.

Item 5225-001-0001—For support of the California Department of Corrections and Rehabilitation. I reduce this Item from \$6,980,353,000 to \$6,958,609,000 by reducing:

(1) 10-Corrections and Rehabilitation Administration from \$376,992,000 to \$369,580,000;

(4) 20-Juvenile Operations from \$183,097,300 to \$181,168,300;

(8) 25-Adult Corrections and Rehabilitation Operations from \$4,904,883,000 to \$4,892,480,000;

and by revising Provisions 10 and 16 and deleting Provisions 8, 11, and 19.

I am reducing funds for the second phase of the Consolidated Information Technology Infrastructure Project by \$4,408,000 and eliminating the \$3,004,000 augmentation for the Division of Juvenile Justice Infrastructure Migration Project. In addition, I am reducing

the augmentation provided for facility maintenance and special repair projects by \$10,000,000 and eliminating \$4,332,000 for equipment replacement. These reductions are necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. I am revising Provisions 10 and 16 to conform to these actions as follows:

“10. In implementing the Consolidated Information Technology Infrastructure Project (CITIP), the department shall, when possible, give first priority to data drops for business services and rehabilitative programming. ~~Of the funds appropriated in this item, \$4,408,000 may not be expended sooner than 30 days after the department provides a report to the Joint Legislative Budget Committee certifying that CITIP design and engineering work has been completed at 12 institutions. This report shall also identify the revised cost estimates to implement the CITIP at these 12 institutions as compared to the original estimated costs. The report shall also identify the reasons for any differences between the original and revised estimates.”~~

“16. Of the funds appropriated in this item, ~~\$698,514,000~~ *\$679,774,000* is available for expenditure only for the purposes identified below. Any unexpended funds shall revert to the General Fund.

- (a) Facility Maintenance Funding: ~~\$46,000,000~~ *\$36,000,000*
- (b) Coleman v. Schwarzenegger, Administrative Segregation Unit Mental Health Cells Modification: \$3,550,000
- (c) Coleman v. Schwarzenegger, Administrative Segregation Intake Cells: \$13,203,000
- (d) Coleman v. Schwarzenegger, Salary Enhancements: \$13,108,000
- (e) Plata v. Schwarzenegger, Salary Enhancements: \$1,521,000
- (f) Coleman v. Schwarzenegger, CMF Acute Cells Modification: \$1,075,000
- (g) Coleman v. Schwarzenegger, Reception Center Enhanced Outpatient Program: ~~\$2,916,000~~
- (h) Perez v. Tilton, Comprehensive Inmate Dental Services Program: \$8,477,000
- (i) Farrell v. Tilton, Safety and Welfare Remedial Plan: \$66,747,000
- (j) Farrell v. Tilton, Mental Health Remedial Plan: \$25,145,000
- (k) Implementation of Revised Program Guide for Mental Health Services Delivery System (Ch. 511, Stats. 2006): \$8,706,000
- (l) Sex Offender Management Funding: \$113,327,000
- (m) Reducing Recidivism Strategies: \$90,136,000
- (n) The department is authorized to make changes to the Reducing Recidivism Strategies supported by this subdivision not sooner than 15 days after notifying the fiscal committees of both houses of the Legislature of any proposed changes.
- (o) Basic Correctional Officer Academy: \$61,105,000
- (p) Records Staffing and Automation: \$7,759,000
- (q) Garrison Johnson v. California, Racial Integration: \$1,214,000
- (r) Coleman v. Schwarzenegger, Court Order Compliance: \$2,325,000
- (s) Comprehensive Health Care Recruitment: \$3,928,000
- (t) Life Prisoner Parole Hearing Staffing: \$6,646,000
- (u) Farrell v. Tilton Healthcare Remedial Plan: \$9,064,000
- (v) Farrell v. Tilton, Consent Decree: \$1,327,000
- (w) Strategic Offender Management System: \$3,611,000
- (x) Consolidated Information Technology Infrastructure Project: ~~\$118,466,000~~ *\$114,058,000*

- (x) Teacher Pay Parity: \$13,868,000
- (y) ~~Equipment Funding: \$4,332,000~~
- (z) Mandatory Aftercare/Drug Treatment Furlough: \$65,615,000
- (aa) Valdivia Case Records: \$3,344,000
- (bb) Perez v. Tilton, Salary Enhancements: \$1,999,000"

I am deleting Provision 8, which would require the Department to pass along a portion of its 2.7-percent price increase to public community correctional facilities under contract with the Department. The Budget no longer contains funding for a price increase for the Department. Therefore, this language is unnecessary.

I am deleting Provision 11, which would allow the Department to submit a staffing plan to conduct background investigations and would preclude the use of sworn staff from being utilized. The Department's use of sworn staff to conduct background investigations has improved the processing time that it takes to conduct a background investigation as compared to non-sworn staff previously used. Because sworn staff have proved to be more effective than non-sworn classifications, and due to the need to aggressively fill the Department's vacant Correctional Officer positions, this provision would prevent the Department from managing their hiring process in a manner that allows Correctional Officer vacancies to be filled in the most effective way possible.

I am deleting Provision 19, which would require the Department to submit a plan for staffing and organizational changes in the Office of Facilities Management and other departmental units to deliver capital outlay projects, including those authorized by Chapter 7, Statutes of 2007 (AB 900). This reporting requirement would result in an expenditure increase without regard to the availability of revenues. Consequently, I am vetoing this language. Nevertheless, in recognition of the Legislature's desire to obtain this information, it will be addressed as though the request had been included in Supplemental Report Language. Therefore, I am instructing the Secretary of the Department of Corrections and Rehabilitation to comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the Department's ability to perform its essential functions.

Item 5225-002-0001—For support of Department of Corrections and Rehabilitation. I reduce this Item from \$2,126,132,000 to \$2,124,612,000 by reducing:

- (4.2) 50.20-Dental Services-Adult from \$103,292,000 to \$103,129,000;
- (4.3) 50.30-Mental Health Services-Adult from \$303,093,000 to \$302,930,000; and
- (4.5) 50.50-Dental and Mental Health Services Administration-Adult from \$59,283,000 to \$58,089,000.

I am deleting the \$1,520,000 legislative augmentation to support positions to improve hiring efforts within the California Department of Corrections and Rehabilitation's (CDCR) Dental and Mental Health programs. While I am supportive of these activities, my budget proposed to fund these limited-term positions using the salary savings available from the vacancies within CDCR's Dental and Mental Health programs.

I expect that the recruitment efforts of the Department of Personnel Administration, the salary increases provided to dental and mental health classifications, and the hiring efforts of the CDCR will greatly improve the CDCR's ability to fill the vacancies within these programs. As such, I recognize that funding these positions through salary savings is only a short-term solution and it may be necessary to provide additional funding to support these efforts in the future.

Item 5225-301-0001—For capital outlay, Department of Corrections and Rehabilitation.

I am sustaining Provision 7, which requires the department to report to the Joint Legislative Budget Committee with an update to the facility master plan for juvenile facilities. This report will identify how the projects funded in the 2007-08 Budget implement the master plan. While the department is committed to completing this valuable plan and has every intention of providing the data, it will be unable to meet the October 31, 2007 deadline provided therein because of the necessary time constraints associated with compiling the level of detail as required by this report. I am directing the department to prepare and deliver the required report by February 29, 2008.

Item 5225-301-0660—For capital outlay, Department of Corrections and Rehabilitation. I reduce this item from \$119,752,000 to \$107,367,000 by deleting:

(5.1) 61.23.004-California State Prison, Corcoran: Wastewater Treatment Plant Improvements—Construction (\$5,944,000), and

(5.2) 61.30.004-Centinel State Prison, Imperial: Wastewater Treatment Plant Upgrades—Construction (\$6,441,000).

I am deleting these two wastewater treatment plant projects from this item because they cannot be funded with lease revenue bond financing, I am directing the Department of Corrections and Rehabilitation to fund both projects from the \$300,000,000 General Fund appropriation contained in Chapter 7, Statutes of 2007 (AB 900) for infrastructure improvements at existing prisons. Should this action result in additional funding needs in order to complete the infrastructure work at the various existing institutions, I expect that the Legislature will be supportive of future funding requests.

Item 6110-001-0001—For support of Department of Education. I reduce this item from \$47,380,000 to \$47,127,000 by reducing:

(1) 10-Instruction from \$62,022,000 to \$60,422,000;

(2) 20-Instructional Support from \$103,209,000 to \$99,833,000; and

(9) Amount payable from Federal Trust Fund (Item 6110-001-0890) from -\$163,060,000 to -\$158,337,000.

I am deleting the legislative augmentation of \$133,000 and 1.0 position to coordinate education programs for incarcerated youth and support implementation of alternative school programs. This reduction is necessary to limit program expansion and in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. Further, the Department of Education already has existing positions that support alternative school programs and there is not sufficient workload justification for this additional position.

I am deleting Provision 28 to conform to this action.

I am deleting the \$120,000 legislative augmentation to support implementation of the English language learner component of the Mathematics and Reading Professional Development Program. Chapter 524, Statutes of 2006 (SB 472), appropriated \$120,000 to the Department of Education without regard to fiscal year and authorized the Department to establish one position for this purpose. The Department has not filled the position and, consequently, the \$120,000 remains available for expenditure. Therefore, it is unnecessary to provide additional expenditure authority in the budget year. However, I am sustaining authority for 1.0 limited-term position for one year to enable the Department to fill the position in order to conduct one-time activities associated with this program.

I am also revising this item to conform to the actions I have taken in Item 6110-001-0890.

Item 6110-001-0890—For support of Department of Education. I reduce this item from \$163,060,000 to \$158,337,000.

I am reducing a legislative augmentation by \$198,000 in federal Title II funds and 6.0 positions to implement the Compliance, Monitoring, Interventions, and Sanctions (CMIS) program related to the highly qualified teacher requirements under the federal No Child Left Behind Act. The Department of Education did not provide sufficient workload justification for these positions. Further, the Legislature rejected the Administration's proposal to shift funding from federal Title V to Title II for 4.0 professional development positions, with a priority on meeting the highly qualified teacher requirements, as Title V will no longer be available to support these positions. Therefore, I am sustaining \$929,000 to support 2.0 new positions and the 4.0 existing but unfunded positions for the purpose of assisting school districts to meet the highly qualified teacher requirements. When combined with the positions that are currently dedicated for this purpose, the Department will have a total of 8.0 positions for the CMIS program.

I am revising Provision 34 to conform to this action as follows:

"34. Of the funds appropriated in this item, ~~\$1,127,000~~ \$929,000 of federal Title II funds is for the Compliance, Monitoring, Intervention, and Sanctions (CMIS) program. This program is designed to help school districts meet the highly qualified teacher requirements specified in the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.). By April 1, 2008, the State Department of Education shall submit a report on the CMIS program to the budget and policy committees. The report shall identify (a) the number of school districts that received CMIS support in the 2007-08 fiscal year, and (b) the major components of the plans that those districts developed to respond to the federal highly qualified teacher requirements. For each participating district, the report also shall provide longitudinal data on the number and percent of teachers who are and are not highly qualified. At a minimum, the 2007-08 report shall include finalized data for the 2004-05, 2005-06, and 2006-07 fiscal years, and initial data for the 2007-08 fiscal year. The report shall provide data separately for high-poverty and low-poverty schools. For comparison, the report shall provide the same longitudinal data for the statewide average of all school districts as well as the average for school districts not receiving CMIS support."

I am reducing this item by \$1,600,000 and 4.0 positions to monitor and provide technical assistance to alternative, county court, and Division of Juvenile Justice schools serving English learners. An increase in staff to monitor these schools has not been justified. Furthermore, monitoring and providing technical assistance for these schools is an ongoing activity and the use of one-time monies would be inappropriate. With this veto, these funds will be available to be distributed to local educational agencies for direct classroom instruction of English learner students.

I am deleting Provision 37 to conform to this action.

I am technically revising Provision 39 to eliminate references stipulating that \$450,000 of one-time funds is made available for special education dispute resolution contract "cost-of-living increases". This program does not receive a cost-of-living adjustment, but rather receives funding on a workload basis. Accordingly, the funds will be used for addressing new workload claims to ensure that the public receives prompt and appropriate due process for consideration of dispute resolution matters, as required by law.

I am revising Provision 39 to conform as follows:

"39. Of the funds appropriated in this item, \$450,000 is made available on a one-time basis for the special education dispute resolution contract ~~for cost-of-living increases~~. The State Department of Education, in coordination with the Office of Administrative Hearings,

shall provide quarterly caseload and expenditure data to the appropriate budget committees of the Legislature, the Department of Finance, and the Legislative Analyst's Office by March 1, 2008. The information shall also include updated budget detail and payment provisions, as shown in Exhibit B of the interagency agreement."

I am deleting the \$150,000 legislative augmentation to provide an independent evaluation of the special education dispute resolution services provided by the Office of Administrative Hearings. The proposal essentially is a request for data, some of which is duplicative. Instead, I am directing the Office of Administrative Hearings to provide the remaining data requested using existing resources, including specified workload and mediator use data, and efficiency options for the program.

I am deleting Provision 40 to conform to this action.

I am deleting the \$1,050,000 legislative augmentation to expand special education focused monitoring and technical assistance services in alternative, county court, and Division of Juvenile Justice schools. This program essentially provides auditing for compliance with individualized education plans and follow-up for necessary corrections. I am unable to support this augmentation. Individualized education plan compliance should already be a part of the Special Education program not only for alternative schools but in all educational settings. Students are entitled to receive the quality services required by law and included in their individual education plans. This particular funding should be allocated instead to local grants to fund direct special education instruction.

I am deleting Provision 41 to conform to this action.

I am reducing this item to delete the legislative augmentation of \$125,000 for a study to identify options for improving indicators of student socioeconomic status. Because the study is vague, I am concerned that \$125,000 augmentation may not be adequate to complete the study and may lead to future cost pressures to complete or expand the study. With this veto, these funds will be available to be distributed to local educational agencies for direct classroom instruction to improve the academic performance of schools. In lieu of this funding, I request that the Legislative Analyst's Office partner with the Department of Finance to explore the issue with existing resources and staff.

I am deleting Provision 43 to conform to this action.

I am reducing this item by \$350,000 and 4.0 positions for assistance to local educational agencies (LEAs) that are expected to face federal No Child Left Behind corrective action sanctions. Until more definitive results from a privately funded pilot project are available and a resulting plan for expenditure of the local assistance dollars is fully developed, it is premature to add staff to support these activities. Further, until the final determination is made on how to allocate local assistance funding, it is not clear that it is necessary for the State Department of Education to provide a higher level of assistance or that additional positions are needed.

I am deleting Provision 44 to conform to this action.

I am reducing this item to delete the legislative augmentation of \$300,000 intended to support a pilot project that allows schools to use non-adopted reading language arts materials for English learner students. The proposed new program would allow the use of instructional materials that are not aligned to state standards, which is a concern because all students should have access to standards-aligned materials. In addition, an alternate \$20 million pilot project is already underway, and that project will be assessing what educational practices work best for improving the academic performance of English learners.

I am deleting Provision 46 to conform to this action.

I am deleting the \$400,000 legislative augmentation to create an advisory committee and perform a best practices study that would assist local education agencies in implementing evidence-based practices intended to assist students with specific learning disabilities to improve academically. However, I believe local grants for direct instruction would be a more prudent and timely use of this funding.

I am deleting Provision 47 to conform to this action.

I am reducing this item by \$500,000 for an evaluation of the English Learner Best Practices Pilot Program (Pilot) pursuant to the requirements of Chapter 561, Statutes of 2006 (AB 2117). During last year's development of Assembly Bill 2117, which established the Pilot, the understanding was that the evaluation would be funded by a not-for-profit organization. However, this funding has not materialized. The legislative augmentation of \$1,000,000 for the evaluation appears to be excessive. Instead, I am sustaining \$500,000 of the augmentation which would be consistent with similar evaluations done in the recent past. I believe the evaluation is an important component of ensuring that the \$20 million Proposition 98 General Fund provided in the Budget Act of 2006 for the Pilot would produce conclusions that could lead to improvements in English learner academic performance.

I am revising Provision 48 to conform to this action.

“48. Of the funds appropriated in this item, ~~\$1,000,000~~ \$500,000 of one-time federal Title III funds is available on a one-time basis for five years for an independent evaluation administered by the State Department of Education pursuant to the requirements of Chapter 561 of the Statutes of 2006.”

I am reducing this item by \$50,000 for an evaluation to ensure that local educational agencies (LEAs) are employing methods to ensure effective and timely oral communication with non-English-speaking parents. To the extent that this is a problem for LEAs, they already receive federal funds that can be used for these purposes. Specifically, the Budget includes over \$165 million in federal Title III funds that can be used for parent outreach activities such as interpreter services. With this veto, these funds will be available to be distributed to LEAs for direct classroom instruction of English learner students.

I am deleting Provision 49 to conform to this action.

Item 6110-123-0001—For local assistance, Department of Education. I revise Provision 1 of this item.

I am deleting provisional language added by the Legislature that allocates funds to Intervention Underperforming Schools Program (II/USP) schools that are still subject to state sanctions and are working with school assistance and intervention teams (SAITs). The last cohort of II/USP schools qualified for funding in 2002-03 and since that time, some schools, even with the assistance of SAITs, still have not met bare minimum academic benchmarks to improve student achievement and to exit the program. Consequently, I do not believe that the state should continue to fund these activities given the efforts to consolidate state and federal accountability programs. In addition, I am concerned that the Legislature's shift of these II/USP costs from another Budget item to this item may create cost pressures within the II/USP successor program, the High Priority Schools Grant Program. I continue to support focusing efforts on improving low-performing schools and request that the State Board of Education assign the full spectrum of more effective sanction strategies available under current law to these schools to help them improve student achievement.

I am revising Provision 1 as follows to conform to this action.

“1. Funds appropriated in Schedule (1) are provided solely for the purpose of implementing the High Priority Schools Grant Program pursuant to Article 3.5 (commencing with Section 52055.600) of Chapter 6.1 of Part 28 of the Education Code. Of these funds, \$10,000,000 or whatever greater or lesser amount is necessary, shall be available to support schools working with school assistance and intervention teams or schools subject to state sanctions by the Superintendent of Public Instruction as part of the High Priority Schools Grant Program or the Immediate Intervention/Underperforming Schools Program.”

Item 6110-134-0890—For local assistance, Department of Education. I reduce this item from \$77,900,000 to \$70,800,000 by deleting:

(7) 10.30.013-District Assistance and Intervention Teams (\$7,100,000),
and by deleting Provision 9.

I am deleting \$7,100,000 and setting these funds aside for appropriation in subsequent legislation. This Legislative augmentation provided funding for District Assistance and Intervention Teams (DAITs) to work with local educational agencies (LEAs) facing sanctions under the federal accountability system. The augmentation is premature because a privately funded pilot project and evaluation of the effectiveness of DAITs is underway. Until the evaluation is completed, or an interim report shows that DAITs are effective, I cannot support funding for these new activities. I recognize the problem of a growing number of LEAs and schools entering federal No Child Left Behind sanctions and note that funding is set aside in this item, pursuant to subsequent legislation, for implementation of an effective plan that supports LEAs and schools and their attempts to improve the academic performance of their students.

Item 6110-196-0001—For local assistance, Department of Education (Proposition 98).

I reduce this item from \$1,761,366,000 to \$1,756,366,000 by reducing:

(1) 30.10.010-Special Programs, Child Development, Preschool Education from \$418,644,000 to \$413,644,000,

and by revising Provision 3 to conform.

I am reducing \$5,000,000 from preschool programs and revising Provision 3 by eliminating language that would expand the authorized use of these funds to include wrap-around child care for children participating in any state preschool program. These funds were provided to continue support of the Pre-Kindergarten Family Literacy program (PKFL) that was authorized by Chapter 211, Statutes of 2006 (AB 172) by providing ongoing funding for full-day child care for children participating in the PKFL program (AB 172 utilized one-time funding to provide this service in 2006-07). I believe that making these funds available to all preschool programs would undermine the PKFL program and negatively impact the ability of families to participate in the program. I am therefore setting these funds aside for legislation that would restore the priority for these funds to the PKFL programs.

I am revising Provision 3 to conform to this action as follows:

“3. Of the amount appropriated in Schedule (1), \$50,000,000 is available for pre-Kindergarten and Family Literacy Preschool programs pursuant to Chapter 211 of the Statutes of 2006. ~~Of the amount appropriated in Schedule (1), \$5,000,000 is available for wraparound care in order to provide direct child care for children in the state preschool program for the portion of the day that is not otherwise covered by services provided as part of the state preschool program.~~”

Item 6120-211-0001—For local assistance, California State Library. I reduce this item from \$21,342,000 to \$14,342,000 by reducing:

(1) 20.30-Direct Loan and Interlibrary Loan Programs from \$18,616,000 to \$11,616,000.

I am deleting \$7,000,000 for Direct Loan and Interlibrary Loan services. This reduction is necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

Item 6120-221-0001—For local assistance, California State Library, Public Library Foundation Program. I reduce this item from \$22,360,000 to \$14,360,000.

I am deleting the discretionary \$1,000,000 legislative augmentation to the Public Library Foundation. This reduction is necessary to limit program expansions and help bring ongoing General Fund expenditures in line with existing resources. In addition, I am deleting \$7,000,000 in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

Item 6440-001-0001—For support of University of California. I reduce this item from \$3,019,559,000 to \$3,016,059,000 by reducing:

(1) Support from \$2,936,063,000 to \$2,932,563,000,

and by revising Provisions 11,13, and 24 and deleting Provisions 26 and 27.

I am deleting the legislative augmentations for agricultural research (\$1,500,000) and for oceanographic research at the Scripps Institute of Oceanography (\$1,500,000) to limit program expansions and to help bring ongoing expenditures in line with existing resources. With these reductions, over \$77,000,000 of state and university funds remains to support agricultural research and over \$9,700,000 of state and university funds remains to support research at the Scripps Institute of Oceanography.

I am deleting provisions 26 and 27 to conform to these actions.

I am deleting \$500,000 for UC-Mexico research, which represents the amount of funding for the financing of a facility located in Mexico, in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. The University of California should use other sources for this purpose at its discretion.

I am revising Provision 11 to conform as follows:

~~“11. Notwithstanding Section 3.00, for the term of the financing, the University of California may use funds appropriated in Schedule (1) for debt service and costs associated with the purchase, renovation, and financing of a facility for the UC-Mexico research and academic programs in Mexico City. The amount to be financed shall not exceed \$7,000,000. The university shall report to the Legislature by March 15, 2008, on the (a) amount of funds spent to support the UC-Mexico facility, including the specific use of these funds; (b) amount of funds spent to support UC-Mexico research and academic programs, and (c) different types of research conducted and programs operated at the UC-Mexico facility.”~~

I am sustaining the legislative augmentation of \$19,300,000 for student academic preparation and education programs. However, the reporting requirement would result in an expenditure increase without regard to the availability of revenues. Consequently, I am vetoing this language. Nevertheless, in recognition of the Legislature’s desire to obtain this information, it will be addressed as though the request had been included in Supplemental Report language. Therefore, I am instructing the President of the University of California to comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the University’s ability to perform its essential functions.

I am revising Provision 24 to conform as follows:

~~“24. Of the funds appropriated in Schedule (1), \$19,300,000 is for student academic preparation and education programs (SAPEP) and is to be matched with \$12,000,000 from existing university resources, for a total of \$31,300,000 for these programs. The University of California shall provide a plan to the Department of Finance and the fiscal committees of each house of the Legislature for expenditure of both state and university funds for SAPEP by September 1, 2007. It is the intent of the Legislature that the university report on the use of state and university funds provided for these programs, including detailed information on the outcomes and effectiveness of academic preparation programs consistent with the accountability framework developed by the university in April 2005. The report shall be submitted to the fiscal committees of each house of the Legislature not later than April 1, 2008.”~~

Finally, I am revising Provision 13 to delete language that describes a new methodology for determining the marginal cost of each additional state-supported student in the future. The new formula is not transparent, is too difficult to either replicate or verify allowing for potential manipulation in future years, and does not properly reflect the full mix of new faculty associated with the system-wide growth in students.

I am revising Provision 13 to conform as follows:

~~“13. Of the funds appropriated in Schedule (1), \$52,930,000 is to fund 5,000 additional state-supported full-time equivalent students (FTES) at the University of California, based on a marginal General Fund cost of \$10,586 per additional student. This funding rate is based on a methodology for determining the marginal cost of each additional state-supported student, as adopted by the Legislature for the 2006-07 fiscal year. This methodology calculates a total marginal cost (including operation and maintenance costs and faculty costs based on the salaries of recently hired professors) and then subtracts from this cost the fee revenue the university anticipates from each additional student (after adjusting for financial aid), in order to determine the amount of General Fund support needed from the state. It is the intent of the Legislature that enrollment growth funding provided to the university in subsequent fiscal years be based on this specific methodology. The Legislature expects the University of California to enroll a total of 198,455 state-supported FTES during the 2007-08 academic year. This enrollment target does not include nonresident students and students enrolled in non-state-supported summer programs. The University of California shall report to the Legislature by March 15, 2008, on whether it has met the 2007-08 enrollment goal. For purposes of this provision, enrollment totals shall only include state-supported students. If the University of California does not meet its total state-supported enrollment goal by at least 250 FTES, the Director of Finance shall revert to the General Fund by April 1, 2008, the total amount of enrollment funding associated with the total share of the enrollment goal that was not met.”~~

Item 6440-305-6048—For capital outlay, University of California.

I am sustaining the \$10,000,000 provided for the Life Sciences Research and Nursing Education Building in this item.

In my efforts to continue to support programs and projects that will alleviate the nursing shortage California is suffering, I am sustaining this legislative augmentation for the Charles R. Drew University of Medicine and Science to build a Life Sciences Research and Nursing Education Building. However, I note that a number of issues both legal and programmatically need to be resolved before funds may be expended. Specifically, there are legal concerns regarding the use of general obligation bonds for this project and may require the state to acquire and maintain ownership of the facility being built. Additionally,

the nursing program that will utilize this facility needs to be fully developed before the scope of this new facility can be generated. Until these concerns are resolved, no funds for this project may be expended.

Item 6610-001-0001—For support of California State University. I revise this item by revising Provision 7.

I am revising Provision 7 to delete language that describes a new methodology for determining the marginal cost of each additional state-supported student in the future. The new formula is not transparent, is too difficult to either replicate or verify allowing for potential manipulation in future years, and does not properly reflect the full mix of new faculty associated with the system-wide growth in students.

I am revising Provision 7 to conform as follows:

~~“7. Of the amount appropriated in Schedule (1), \$64,417,000 is to fund 8,355 additional state-supported full-time equivalent students (FTES) at the California State University (CSU), based on a marginal General Fund cost of \$7,710 per additional student. This funding rate is based on a methodology for determining the marginal cost of each additional state-supported student, as adopted by the Legislature for the 2006-07 fiscal year. This methodology calculates a total marginal cost (including operation and maintenance costs and faculty costs based on the salaries of recently hired professors) and then subtracts from this cost the fee revenue the university anticipates from each additional student (after adjusting for financial aid), in order to determine the amount of General Fund support needed from the state. It is the intent of the Legislature that enrollment growth funding provided to the university in subsequent fiscal years be based on this specific methodology. The Legislature expects CSU to enroll a total of 342,553 state-supported FTES during the 2007-08 academic year. This enrollment target does not include nonresident students and students enrolled in non-state-supported summer programs. The CSU shall provide a preliminary report to the Legislature by March 15, 2008, and a final report by May 1, 2008, on whether it has met the 2007-08 enrollment goal. For purposes of this provision, enrollment totals shall only include state-supported students. If CSU does not meet its total state-supported enrollment goal by at least 418 FTES, the Director of Finance shall revert to the General Fund by May 15, 2008, the total amount of enrollment funding associated with the total share of the enrollment goal that was not met.”~~

Item 6870-101-0001—For local assistance, Board of Governors of the California Community Colleges, Proposition 98. I reduce this item from \$3,906,649,000 to \$3,859,753,000 by reducing:

- (1) 10.10.010-Apportionments from \$3,093,135,000 to \$3,079,349,000;
 - (2) 10.10.020-Basic Skills and Apprenticeship from \$48,339,000 to \$15,229,000;
- and by deleting subdivision (c) of Provision 7.

I am reducing Schedule (1) by \$13,786,000 and Schedule (2) by \$33,110,000 to delete the legislative augmentations for a noncredit course rate increase and a basic skills student funding increase, respectively. However, I am setting these funds aside for legislation that appropriates these funds for improving outcomes for at-risk students in a manner more consistent with the priorities of my proposed Student Success Initiative (\$33,110,000) and the remainder for other more compelling Proposition 98 funding needs.

The Legislature’s proposed \$13,786,000 augmentation to support a second consecutive noncredit rate increase is premature and inconsistent with the agreement reached in last year’s compromise on Chapter 631, Statutes of 2006 (SB 361). As part of that agreement, my Administration indicated that any future noncredit rate increase would be subject to

improved student outcomes from last year's initial investment of \$30,000,000. To date, no accountability measures have been developed to evaluate this investment, nor has my Administration received a comprehensive list of courses and programs that have been approved by the Chancellor's Office for funding from the 2006-07 increase. While I cannot sustain this augmentation, the budget does provide a 4.53-percent COLA, which, when combined with the ongoing \$30,000,000 increase from 2006-07, provides for a 23-percent increase in per student funding for selected noncredit courses since the 2005-06 fiscal year.

I am deleting Provision 4.6 to conform to this action.

I cannot support the Legislature's \$33,110,000 redirection of funds proposed for my May Revision's Student Success Initiative because the accompanying control provisions do not contain the appropriate accountability and distribution mechanisms necessary to ensure this investment improves student outcomes, particularly for at-risk students transitioning from high schools. With this reduction, the community colleges still retain \$33,110,000 in unspent current year funds that carryover for expenditure in the budget year to address strategies for improving basic skills instruction. My Administration is prepared to work with the Chancellor's Office to reinstate the ongoing funding pending agreement on revised accountability and distribution provisions that address my priority for improving meaningful outcomes for students transitioning from high school.

I am deleting subdivision (c) of provision 7 to conform to this action.

Item 6870-486—Reappropriation, Proposition 98, Board of Governors of the California Community Colleges. I reduce this item from \$26,668,000 to \$21,168,000 by deleting legislative augmentations for the Part-time Faculty Health Insurance Program in Schedule (4) and the proposed Construction College Pilot Program in Schedule (6).

I am deleting the one-time augmentation of \$4,000,000 from the Proposition 98 Reversion Account for the Part-time Faculty Health Insurance Program because this program was established as an incentive grant program to encourage additional district investments in benefits for part-time faculty. However, these programs were not intended to require additional one-time or ongoing contributions from the state. Given the significant general purpose increases provided in this Budget for community colleges, I believe that districts have sufficient resources to provide additional benefits to part-time faculty at their discretion.

I am also deleting the one-time augmentation of \$1,500,000 for a Construction College pilot program at San Jose City College and another, unspecified site. While this program may have merit from a local perspective, significant investments are already proposed for apprenticeship and pre-apprenticeship programs, as well as traditional K-12 career path programs including construction technology, within my anticipated 2007-08 Career Technical Education Initiative expenditure plan. Additional funding for a construction-specific program would establish an undesirable precedent for singling out a local project for funding without competing for limited resources with other meritorious local projects. It is also premature to fund this program until other construction and related program grants can be evaluated.

Item 7980-001-0001—For support of Student Aid Commission. I reduce this item from \$15,449,000 to \$15,349,000 by reducing:

- (1) 15-Financial Aid Grants Program from \$13,886,000 to \$13,786,000, and by deleting Provision 5.

I am deleting the \$100,000 legislative augmentation for one position for purposes of administering the Public Interest Attorney Loan Repayment Program to conform to my action on Item 7980-101-0001.

I am deleting Provision 5 to conform to this action.

Item 7980-101-0001—For local assistance, Student Aid Commission. I reduce this item from \$859,814,000 to \$857,614,000 by reducing:

- (1) 15-Financial Aid Grants Program from \$889,950,000 to \$887,750,000, and by revising Provision 5 and deleting Provision 9.

I am reducing the legislative augmentation for the California Student Opportunity and Access Program (CalSOAP) by \$2,200,000. This program provides financial aid awareness as well as student academic preparation and education services to public school students. This reduction is necessary in order to build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. Additionally, I am concerned that this program's various student academic support and preparation activities have not been subjected to a cost-effectiveness analysis in many years. With this reduction, \$6,367,000 still remains for CalSOAP to support financial aid awareness activities. Further, it is my understanding that the California Student Aid Commission recently approved \$2,200,000 from the Student Loan Operating Fund for similar financial aid outreach purposes. Therefore, this augmentation is largely redundant with planned expenditures.

I am revising Provision 5 to conform to this action:

"5. Of the funds appropriated in Schedule (1), ~~\$8,567,000~~ \$6,367,000 is for the California Student Opportunity and Access Program established pursuant to Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of the Education Code and shall be available to provide financial aid awareness and outreach to students who are preparing to enter, or are currently enrolled in, college."

Additionally, I am deleting the legislative language augmentation included in Provision 9 that authorizes 100 new warrants for the Public Interest Attorney Loan Repayment Program. The authorization of 100 loan assumption warrants would commit the state to out-year costs in excess of \$1,000,000. Furthermore, this program authorizes warrants for attorneys employed by local government. Thus, in effect, this augmentation would serve to subsidize local government employee recruitment and retention with state funds. Therefore, this action is necessary to limit program expansions.

Item 7100-001-0185—For support of Employment Development Department. I reduce this item from \$79,495,000 to \$67,435,000.

I am reducing the \$27,060,000 legislative augmentation for the Job Services Program by \$12,060,000. This program provides employment services in the One-Stop Career Centers, facilitating a match between employers' needs and job seekers' skills, and while I agree with the Legislature that some additional resources would benefit job seekers, I am confident that the \$168,000,000 available will be sufficient in meeting the employment demands of California communities. Finally, I am directing the Employment Development Department to minimize the number of positions to be reduced in job services locations by making reductions in Administration and facility operations.

I am deleting Provision 4 to conform to this action.

Item 7350-001-0001—For support of Department of Industrial Relations. I reduce this item from \$67,768,000 to \$67,383,000 by reducing:

- (6) 50-Division of Labor Standards Enforcement from \$49,933,000 to \$49,548,000.

I am deleting \$385,000 and 5.0 positions for the Licensing and Registration Unit provided for recently enacted legislation including the registration of employers in the car washing and polishing industry. This reduction is necessary to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

Item 7350-011-0223—For support of Department of Industrial Relations. I revise this item by deleting Provision 1.

I delete Provision 1, which would require the Department of Industrial Relations to provide a long-term plan and a detailed repayment schedule by January 10, 2008, for the California Occupational Safety and Health Administration, Targeted Inspection and Consultation Fund loan.

This reporting requirement would result in an expenditure increase without regard to the availability of revenues. Consequently, I am vetoing this language. Nevertheless, in recognition of the Legislature's desire to obtain this information, it will be addressed as though the request had been included in Supplemental Report language. Therefore, I am instructing the Director of the Department of Industrial Relations to comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the Department of Industrial Relations' ability to perform its essential functions.

Item 8120-011-0268—For support of Commission on Peace Officer Standards and Training. I revise this item by deleting Provision 3.

I am deleting Provision 3, which would require the Commission on Peace Officer Standards and Training to report to the Legislature on the findings of the local law enforcement agency audits conducted by the Controller on behalf of the commission. This reporting requirement would result in an expenditure increase without regard to the availability of revenues. Consequently, I am vetoing this language. Nevertheless, in recognition of the Legislature's desire to obtain this information, it will be addressed as though the request had been included in Supplemental Report language. Therefore, I am instructing the Executive Director of the Commission on Peace Officer Standards and Training to comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the Commission on Peace Officer Standards and Training's ability to perform its essential functions.

Item 8660-001-0042—For support of Public Utilities Commission. I reduce this item from \$3,526,000 to \$3,354,000.

I am deleting a legislative augmentation of \$172,000 and 2.0 positions for Public Utilities Commission's (PUC) rail crossing safety staff. In the 2006 Budget Act, I included three positions for the rail safety crossing program, giving the PUC 20.0 base positions for rail crossing safety. To date, all those positions are not filled. It would be premature to authorize additional positions until the positions at the PUC are filled and the impact on workload can be determined. With these reductions, \$3,354,000 still remains to support the rail crossing safety staff.

Item 8660-001-0462—For support of Public Utilities Commission. I revise this item by reducing:

- (1) 10-Regulation of Utilities from \$120,157,000 to \$119,857,000;
- (3) 20-Regulation of Transportation from \$19,911,000 to \$19,739,000;
- (7) Amount payable from the State Highway Account, State Transportation Fund (Item 8660-001-0042) from -\$3,526,000 to -\$3,354,000; and

(18) Amount payable from the Public Utilities Commission Rate payer Advocate Account (Item 8660-001-3089) from -\$21,632,000 to -\$21,332,000.

I am revising this item to conform to the actions I have taken in Item 8660-001-3089 and Item 8660-001-0042.

Item 8660-001-3089—For support of Public Utilities Commission. I reduce this item from \$21,632,000 to \$21,332,000.

I am deleting a legislative augmentation of \$300,000 and 3 positions for the Division of Ratepayer Advocates' (DRA) water audits division. The Budget Act of 2006 provided additional auditors to the Public Utilities Commission (Commission) that were intended to meet the needs of the DRA as well as the balance of the Commission. With these reductions, \$2,200,000 and 22.0 positions still remain to support the Division of Ratepayer Advocates water auditing staff.

Item 8770-001-0462—For Support of the Electricity Oversight Board. I reduce this item from \$3,579,000 to \$2,684,000 by reducing:

- (1) 30-Administration from \$4,128,000 to \$3,096,000, and
- (2) Amount payable from the Energy Resources Programs Account (Item 8770-001-0465) from -\$549,000 to -\$412,000.

I am reducing Schedule (1) to reflect my expectation that by April 1, 2008, the Electricity Oversight Board (EOB) will have transferred its remaining duties to the Public Utilities Commission. The EOB was established in 1996 as part of the state's attempt to restructure the electricity industry, and was given the responsibility for overseeing the California Independent System Operator, a non-profit entity that operates most of California's electric transmission grid. Since that time, changes in state and federal law have eliminated the need for the EOB; the duties it performs are now also performed either by the California Independent System Operator or the California Public Utilities Commission. When I first took office, the California Performance Review determined that the EOB should be eliminated, with its remaining functions transferred to other entities. It is time to implement this recommendation. With this reduction, sufficient funding will remain in the EOB budget to allow for an orderly staffing reduction plan so staff will have every opportunity to transfer to new duties within California state government. I am requesting the Department of Personnel Administration to fully assist the EOB in this effort.

Item 8770-001-0465—For support of the Electricity Oversight Board. I reduce this item from \$549,000 to \$412,000.

I am revising this item to conform to actions I have taken in Item 8770-001-0462.

Item 8910-001-0001—For support of Office of Administrative Law. I revise this item by deleting Provision 1.

I am deleting Provision 1, which would require the Office of Administrative Law to report to the Legislature on the use of positions assigned to underground regulation review. This reporting requirement would result in an expenditure increase without regard to the availability of revenues. Consequently, I am vetoing this language. Nevertheless, in recognition of the Legislature's desire to obtain this information, it will be addressed as though the request had been included in Supplemental Report language. Therefore, I am instructing the director of the Office of Administrative Law to comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the Office of Administrative Law's ability to perform its essential functions.

Item 8955-001-0001—For support of California Department of Veterans Affairs. I revise this item by deleting Provision 5.

I delete Provision 5, which would require the California Department of Veterans Affairs (CDVA) to report on the Department's progress in providing a "restraint-free" environment for residents at the Veterans Homes. This reporting requirement would result in an expenditure increase without regard to the availability of revenues. Consequently, I am vetoing this language. Nevertheless, in recognition of the Legislature's desire to obtain this information, it will be addressed as though the request had been included in Supplemental Report language. Therefore, I am instructing the Secretary of the CDVA to comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the CDVA's ability to perform its essential functions.

Item 9210-107-0001—For local assistance, Local Government Financing. I delete this item.

I am deleting the \$3,500,000 legislative augmentation for grants to county assessors, which would be made in proportion to the amount of property tax received by their K-14 schools. This reduction is necessary to limit program expansions and provide for a prudent General Fund reserve in light of the various uncertainties in revenues and spending that we face this year.

Local government is anticipated to receive \$28,000,000 in property tax revenue in 2007-08 pursuant to a new method of collecting fractionally owned aircraft property taxes, facilitated by budget trailer bill legislation. As a result, this \$3,500,000 augmentation is unnecessary.

Item 9800-001-0001—For Augmentation for Employee Compensation. I reduce this item from \$525,262,000 to \$453,262,000.

I am reducing funding by \$72,000,000 for employee compensation and instructing my administration to absorb this reduction in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. To effect this reduction, I am directing the Director of Finance to reduce the amount that would have been allocated to each department from Item 9800-001-0001 by an amount equal to 8.576 percent of that department's General Fund expenditures for personal services in April of 2007. With this reduction, \$453,262,000 still remains to be allocated by the Department of Finance for increases in employee compensation that the Department of Personnel Administration has already agreed to pay. This reduced amount available for allocation to departments will not affect pay or benefits for employees in any way. Employees will receive full pay, and the funding for pay increases not available from Item 9800 will be funded by a redirection within existing resources by individual departments. So, all previously negotiated employee compensation increases, and all employee compensation increases for medical, mental, and dental health positions arising from the Coleman and Plata court cases will be unaffected by my action to reduce this appropriation.

Item SEC 24.55—California Research and Education Network. I delete this control section.

I am deleting Control Section 24.55 because this language is unnecessary and could increase administrative costs at the expense of either direct network services or potentially higher fees. Chapter 552, Statutes of 2006, already provides appropriate oversight for K-12. Similarly, annual program review through the budget process, the governance structure of the higher education segments, and the current business practices of establishing

interagency agreements and essentially using cost-based accounting for each educational segment already provide appropriate accountability for higher education.

With the above deletions, revisions, and reductions, I hereby approve Senate Bill 77.
Schwarzenegger, Arnold

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

SECTION 1.00. This act shall be known and may be cited as the “Budget Act of 2007.”

SEC. 1.50. (a) In accordance with Section 13338 of the Government Code, as added by Chapter 1284, Statutes of 1978, and as amended by Chapter 1286, Statutes of 1984, it is the intent of the Legislature that this act utilize a coding scheme compatible with the Governor’s Budget and the records of the Controller, and provide for the appropriation of federal funds received by the state and deposited in the State Treasury.

(b) Essentially, the format and style are as follows:

(1) Appropriation item numbers have a code which is common to all the state’s fiscal systems. The meaning of this common coded item number is as follows:

2720—Organization Code (this code represents the California Highway Patrol)

001—Reference Code (first appropriation for a particular fund for support of each department)

0044—Fund Code (Motor Vehicle Account, State Transportation Fund)

(2) Appropriation items are organized in organization code order.

(3) All the appropriation items, reappropriation items, and reversion items, if any, for each department or entity are adjacent to one another.

(4) Federal funds received by the state and deposited in the State Treasury are appropriated in separate items.

(c) The Department of Finance may authorize revisions to the codes used in this act in order to provide compatibility between the codes used in this act and those used in the Governor’s Budget and in the records of the State Controller.

(d) Notwithstanding any other provision of this act, the Department of Finance may revise the schedule of any appropriation made in this act where the revision is of a technical nature and is consistent with legislative intent. These revisions may include, but shall not be limited to, the substitution of category for program or program for category limitations, the proper categorization of allocated administration costs and cost recoveries, the distribution of any unallocated amounts within an appropriation and the adjustment of schedules to facilitate departmental accounting operations, including the elimination of categories providing for amounts payable from other items or other appropriations and the distribution of unallocated amounts to programs or categories. These revisions shall include a certification that the revisions comply with the intent and limitation of expenditures as appropriated by the Legislature.

(e) Notwithstanding any other provision of this act, when the Department of Finance, pursuant to subdivision (d), approves the schedule or revision of any appropriation relating to the elimination of amounts payable, the language authorizing the transfer shall also be eliminated.

SEC. 1.80. (a) The following sums of money and those appropriated by any other sections of this act, or so much thereof as may be necessary unless otherwise provided herein, are hereby appropriated for the use and support of the State of California for the 2007–08 fiscal year beginning July 1, 2007, and ending June 30, 2008. All of these appropriations, unless otherwise provided herein, shall be paid out of the General Fund in the State Treasury.

(b) All capital outlay appropriations and reappropriations, unless otherwise provided herein, are available as follows:

(1) Studies, preliminary plans, working drawings, and minor capital outlay funds are available for expenditure until June 30, 2008.

(2) Construction funds are available for expenditure until June 30, 2010, if allocated through fund transfer or approval to proceed to bid by the Department of Finance by June 30, 2008. Any funds not allocated by June 30, 2008, shall revert on July 1, 2008, to the fund from which the appropriation was made.

(3) All other capital outlay funds are available until June 30, 2010.

(c) Whenever by constitutional or statutory provision the revenues or receipts of any institution, department, board, bureau, commission, officer, employee, or other agency, or any moneys in any special fund created by law therefor, are to be used for salaries, support, or any proper purpose, expenditures shall be made therefrom for any such purpose only to the extent of the amount therein appropriated, unless otherwise stated herein.

(d) Appropriations for purposes not otherwise provided for herein that have been heretofore made by any existing constitutional or statutory provision shall continue to be governed thereby.

SEC. 2.00. Items of appropriation.

LEGISLATIVE/JUDICIAL/EXECUTIVE

Legislative

Item	Amount
0110-001-0001—For support of Senate.....	107,556,000
Schedule:	
(1) 101001-Salaries of Senators.....	6,208,000
(2) 317295-Mileage.....	11,000
(3) 317292-Expenses.....	1,480,000
(4) 500004-Operating Expenses.....	99,022,000
(5) 317296-Automotive Expenses.....	835,000
Provisions:	
1. The funds appropriated in Schedule (4) are for operating expenses of the Senate, including	

personal services for officers, clerks, and all other employees, and legislative committees thereof composed in whole or in part of Members of the Senate, and for support of joint expenses of the Legislature, to be transferred by the Controller to the Senate Operating Fund.

- 2. The funds appropriated in Schedule (5) are for operating expenses of the Senate relating to the purchase, maintenance, repair, insurance, and other costs of operating automobiles for the use of Members of the Senate, to be transferred by the Controller to the Senate Operating Fund.
- 3. The funds appropriated in Schedules (1), (2), (3), and (5) may be adjusted for transfers to or from the Senate Operating Fund.

0120-011-0001—For support of Assembly..... 145,952,000

Schedule:

- (1) 101001-Salaries of Assembly Members..... 11,247,000
- (2) 317295-Mileage..... 8,000
- (3) 317292-Expenses..... 3,045,000
- (4) 500004-Operating Expenses..... 130,793,000
- (5) 317296-Automotive Expenses..... 859,000

Provisions:

- 1. The funds appropriated in Schedule (4) are for operating expenses of the Assembly, including personal services for officers, clerks, and all other employees, and legislative committees thereof composed in whole or in part of Members of the Assembly, and for support of joint expenses of the Legislature, to be transferred by the Controller to the Assembly Operating Fund.
- 2. The funds appropriated in Schedule (5) are for operating expenses of the Assembly relating to the lease, maintenance, repair, insurance, and other costs of operating automobiles for the use of Members of the Assembly, to be transferred by the Controller to the Assembly Operating Fund.
- 3. The funds appropriated in Schedules (1), (2), (3), and (5) may be adjusted for transfers to or from the Assembly Operating Fund.

0130-021-0001—For support of Office of the Legislative Analyst.....

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Schedule:

- (1) Expenses of the Office of the Legislative Analyst..... 7,200,000

- (2) Transferred from Item 0110-001-0001..... -3,600,000
- (3) Transferred from Item 0120-011-0001..... -3,600,000

Provisions:

- 1. The funds appropriated in Schedule (1) are for the expenses of the Office of the Legislative Analyst and of the Joint Legislative Budget Committee for any charges, expenses, or claims either may incur, available without regard to fiscal years, to be paid on certification of the Chairperson of the Joint Legislative Budget Committee or his or her designee.
- 2. Funds identified in Schedules (2) and (3) may be transferred from the Senate Operating Fund, by the Senate Committee on Rules, and the Assembly Operating Fund, by the Assembly Committee on Rules.

0160-001-0001—For support of Legislative Counsel Bureau..... 87,148,000

Schedule:

- (1) Support..... 87,279,000
- (2) Reimbursements..... -131,000

Judicial

0250-001-0001—For support of Judicial Branch..... 346,429,000

Schedule:

- (1) 10-Supreme Court..... 44,924,000
- (2) 20-Courts of Appeal..... 198,626,000
- (3) 30-Judicial Council..... 101,895,000
- (4) 35-Judicial Branch Facility Program..... 2,684,000
- (5) 50-Habeas Corpus Resource Center..... 14,263,000
- (6) Reimbursements..... -6,690,000
- (7) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 0250-001-0044).... -179,000
- (8) Amount payable from the Court Interpreters' Fund (Item 0250-001-0327)..... -155,000
- (9) Amount payable from the Federal Trust Fund (Item 0250-001-0890).... -4,116,000
- (10) Amount payable from the Appellate Court Trust Fund (Item 0250-001-3060)..... -4,823,000

Provisions:

1. Notwithstanding Section 26.00, the funds appropriated or scheduled in this item may be allocated or reallocated among categories by order of the Judicial Council.
2. Of the funds appropriated in this item, \$200,000 is available for reimbursement to the Attorney General, or for hiring outside counsel, for prelitigation and litigation fees and costs, including any judgment, stipulated judgment, offer of judgment, or settlement. This amount is for use in connection with (a) matters arising from the actions of appellate courts, appellate court bench officers, or appellate court employees; (b) matters arising from the actions of the Judicial Council, council members, or council employees or agents; (c) matters arising from the actions of the Administrative Office of the Courts or its employees; or (d) employment litigation arising from the actions of trial courts, trial court bench officers, or trial court employees. Either the state or the Judicial Council must be named as a defendant or alleged to be the responsible party. Any funds not used for this purpose shall revert to the General Fund.
3. The funds appropriated in Schedule (5) shall be available for costs associated directly or indirectly with the California Habeas Corpus Resource Center (CHCRC). The CHCRC shall report to the Legislature and the Department of Finance on September 1, 2007, and April 1, 2008, on expenditures, specifically detailing personal services expenditures, operating expenses, and equipment expenditures.
4. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the amount appropriated in this item shall be reduced by the amount transferred in Item 0250-011-0001 to provide adequate resources to the Judicial Branch Workers' Compensation Fund to pay workers' compensation claims for judicial branch employees and justices, and administrative costs pursuant to Section 68114.10 of the Government Code.
5. It is the intent of the Legislature that the Administrative Office of the Courts prioritize existing resources in order to provide a \$5 increase in

the hourly rates paid to attorneys in the Court Appointed Counsel Program.

0250-001-0044—For support of Judicial Branch, for payment to Item 0250-001-0001, payable from the Motor Vehicle Account, State Transportation Fund....	179,000
0250-001-0159—For support of Judicial Branch, payable from the Trial Court Improvement Fund.....	8,693,000

Provisions:

1. Upon approval by the Administrative Director of the Courts, the Controller shall increase this item up to \$18,100,000 for recovery of costs for administrative services provided to the trial courts by the Administrative Office of the Courts.
2. Upon approval by the Administrative Director of the Courts, and notification to the Department of Finance, the chairpersons of the committees in each house of the Legislature that consider appropriations and the State Budget, and the Chairperson of the Joint Legislative Budget Committee, the Controller shall additionally increase this item by an amount, or amounts, totaling no more than \$1,810,000. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.

0250-001-0327—For support of Judicial Branch, for payment to Item 0250-001-0001, payable from the Court Interpreters’ Fund.....	155,000
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0250-001-0890—For support of Judicial Branch, for payment to Item 0250-001-0001, payable from the Federal Trust Fund.....	4,116,000
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0250-001-0932—For support of Judicial Branch, payable from the Trial Court Trust Fund.....	3,396,000
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Schedule:

(1) 30-Judicial Council.....	3,396,000
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Provisions:

1. Upon approval by the Director of the Administrative Office of the Courts, the Controller shall increase this item by an amount sufficient to al-

low for the expenditure of any transfer to this item made pursuant to Provisions 8 and 9 of Item 0250-101-0932.

0250-001-3037—For support of Judicial Branch, payable from the State Court Facilities Construction Fund.... 38,530,000
Schedule:

- (1) 30-Judicial Council..... 7,225,000
- (2) 35-Judicial Branch Facility Program..... 31,305,000

Provisions:

- 1. The Director of Finance may augment this item by an amount not to exceed available funding in the State Court Facilities Construction Fund, after review of a request submitted by the Administrative Office of the Courts that demonstrates a need for additional resources associated with and including, but not limited to, the transfer, acquisition, rehabilitation, construction, or financing of court facilities. This request shall be submitted no later than 60 days prior to the effective date of the augmentation. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairperson of the committee and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.

0250-001-3060—For support of Judicial Branch, for payment to Item 0250-001-0001, payable from the Appellate Court Trust Fund..... 4,823,000
Provisions:

- 1. Upon approval of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the Appellate Court Trust Fund, which is in addition to the amount appropriated in this item. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson

of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine.	
0250-001-3066—For support of Judicial Branch, payable from the Court Facilities Trust Fund.....	24,945,000
Schedule:	
(1) 35-Judicial Branch Facility Program.....	25,070,000
(2) Reimbursements.....	-125,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of this item for the operation, repair, and maintenance of court facilities pursuant to Section 70352 of the Government Code.	
0250-003-0001—For support of Judicial Branch for rental payments on lease-revenue bonds.....	2,948,000
Schedule:	
(1) Base Rental and Fees.....	2,932,000
(2) Insurance.....	16,000
Provisions:	
1. The funds appropriated in this item shall be made available for costs associated with rental payments on lease-revenue bonds for the Court of Appeal, Fourth Appellate District, Division 2, in Riverside, California.	
2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
3. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
0250-011-0001—For transfer, upon order of the Director of Finance, to the Judicial Branch Workers' Compensation Fund.....	1,000
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the Judicial Council shall adjust the amount of this transfer to provide adequate resources to the Judicial Branch Workers' Com-	

pensation Fund to pay workers' compensation claims for judicial branch employees and justices, and administrative costs pursuant to Section 68114.10 of the Government Code.

0250-012-0001—For transfer by the Controller to the Court Facilities Trust Fund.....	22,383,000
0250-101-0001—For local assistance, Judicial Branch....	18,496,000

Schedule:

- (1) 45.10-Support for Operation of Trial Courts..... 6,827,000
- (2) 45.55.010-Child Support Commissioners Program (Article 4 (commencing with Section 4250) of Chapter 2 of Part 2 of Division 9 of the Family Code)..... 49,241,000
- (3) 45.55.020-California Collaborative and Drug Court Projects..... 3,032,000
- (4) 45.55.030-Federal Child Access and Visitation Grant Program..... 800,000
- (5) 45.55.050-Federal Court Improvement Grant Program..... 700,000
- (6) 45.55.070-Grants—Other..... 745,000
- (7) 45.55.080-Federal Grants—Other.... 775,000
- (8) 45.55.090-Equal Access Fund Program..... 10,495,000
- (9) Reimbursements..... -51,844,000
- (10) Amount payable from Federal Trust Fund (Item 0250-101-0890)..... -2,275,000

Provisions:

1. In order to improve equal access and the fair administration of justice, the funds appropriated in Schedule (8) are to be distributed by the Judicial Council through the Legal Services Trust Fund Commission to qualified legal services projects and support centers as defined in Sections 6213 to 6215, inclusive, of the Business and Professions Code, to be used for legal services in civil matters for indigent persons. The Judicial Council shall approve awards made by the commission if the council determines that the awards comply with statutory and other relevant guidelines. Ten percent of the funds in Schedule (8) shall be for joint projects of courts and legal services programs to make legal assistance available to pro per litigants and 90 percent of the funds in Schedule (8) shall be distributed

consistent with Sections 6216 to 6223, inclusive, of the Business and Professions Code. The Judicial Council may establish additional reporting or quality control requirements consistent with Sections 6213 to 6223, inclusive, of the Business and Professions Code.

- 2. The amount appropriated in Schedule (1) is available for reimbursement of court costs related to the following activities: (a) payment of service of process fees billed to the trial courts pursuant to the provisions of Chapter 1009 of the Statutes of 2002, (b) payment of the court costs payable under Sections 4750 to 4755, inclusive, and Section 6005 of the Penal Code, and (c) payment of court costs of extraordinary homicide trials.

0250-101-0890—For local assistance, Judicial Branch, for payment to Item 0250-101-0001, payable from the Federal Trust Fund.....	2,275,000
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0250-101-0932—For local assistance, Judicial Branch, payable from the Trial Court Trust Fund.....	3,056,153,000
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- Schedule:
- (1) 45.10-Support for Operation of the Trial Courts..... 2,632,142,000
 - (2) 45.25-Compensation of Superior Court Judges..... 298,858,000
 - (3) 45.35-Assigned Judges..... 24,960,000
 - (4) 45.45-Court Interpreters..... 90,284,000
 - (5) 45.55.060-Court Appointed Special Advocate (CASA) Program..... 2,231,000
 - (6) 45.55.065-Model Self-Help Program..... 965,000
 - (8) 45.55.090-Equal Access Fund Program..... 5,527,000
 - (9) 45.55.095-Family Law Information Centers..... 348,000
 - (10) 45.55.100-Civil Case Coordination..... 838,000

- Provisions:
- 1. Notwithstanding Section 26.00, the funds appropriated or scheduled in this item may be allocated or reallocated among categories by the Judicial Council.
 - 2. The funds appropriated in Schedule (2) shall be made available for costs of the workers' compensation program for trial court judges.

3. The amount appropriated in Schedule (3) shall be made available for all judicial assignments. Schedule (3) expenditures for necessary support staff may not exceed the staffing level that is necessary to support the equivalent of three judicial officers sitting on assignments.
4. The funds appropriated in Schedule (4) shall be for payments for services of contractual court interpreters, and certified and registered court interpreters employed by the courts, and the following court interpreter coordinators: 1.0 each in counties of the 1st through the 15th classes, 0.5 each in counties of the 16th through the 31st classes, and 0.25 each in counties of the 32nd through the 58th classes. For the purposes of this provision, "court interpreter coordinators" may be full- or part-time court employees, or those contracted by the court to perform these services.

The Judicial Council shall set statewide or regional rates and policies for payment of court interpreters, not to exceed the rate paid to certified interpreters in the federal court system.

The Legislature finds and declares that there exists a shortage of certified and registered interpreters in the state courts that reduces the state's ability to provide meaningful access to justice for all court users, including parties, witnesses, and victims. Therefore, every effort must be made to recruit and retain qualified interpreters to work in the state courts.

Of the amount appropriated in Schedule (4), not less than \$5,000,000, not including funds provided pursuant to Section 77202 of the Government Code, shall be provided to the trial courts for the purpose of adjusting or creating pay ranges for court interpreter employees that, at the top of the range, do not exceed the top step of the full performance range for staff interpreters in the federal courts as of the effective date of this provision. The establishment of pay ranges and their application to specific employee classifications shall be subject to meet and confer in good faith requirements, as provided in Chapter 7.5 (commencing with Section 71800) of Title 8 of the Government Code. The Judicial Council shall adjust statewide or regional rates

for contract court interpreters in a manner that is equivalent to the average rate of increase provided to court interpreter employees. The Judicial Council shall notify the courts in each region of the availability of these funds for the purposes set forth in this provision, and shall allocate the funds upon notification that ranges and salary adjustments have been established and implemented as provided herein. In no event shall the daily rate set by the Judicial Council for contract interpreters exceed the equivalent median wage of court interpreters employed by the courts in each region.

Of the amount appropriated in Schedule (4), the Judicial Council shall allocate not less than \$250,000 to develop and make available to the trial courts for interpreter training and recruitment programs, including, but not limited to: (a) training programs designed for working interpreters who are subject to new certification examinations in Russian, Western Armenian, Mandarin, Cambodian, and Punjabi, (b) certification examination preparation courses for all languages subject to state certification examinations, and (c) development of mentoring and internship programs in the trial courts for examination candidates attending educational institutions that train legal interpreters, subject to meet and confer in good faith as provided in Chapter 7.5 (commencing with Section 71800) of Title 8 of the Government Code.

The Judicial Council shall adopt appropriate rules and procedures for the administration of these funds. The Judicial Council shall report to the Legislature and Director of Finance annually regarding expenditures from this schedule, which shall also include a report of expenditures for equivalent work days of noncertified and nonregistered contract interpreters who provide interpretation services in the state trial courts and the number of interpreter vacancies filled.

5. Upon order of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the Trial Court Trust Fund, which is in addition to the amount appropriated in this item. Any augmentation shall be

authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairperson of the committee and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.

6. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the amount appropriated in this item shall be reduced by the amount transferred in Item 0250-115-0932 to provide adequate resources to the Judicial Branch Workers' Compensation Fund to pay workers' compensation claims for judicial branch employees and judges, and administrative costs pursuant to Section 68114.10 of the Government Code.
7. Of the funds appropriated in Schedule (1), which will be transferred to the Trial Court Improvement Fund in accordance with subdivision (b) of Section 77209 of the Government Code, up to \$5,000,000 shall be available for support of services for self-represented litigants.
8. Upon approval by the Administrative Director of the Courts, the Controller shall transfer up to \$10,900,000 to Item 0250-001-0932 for recovery of costs for administrative services provided to the trial courts by the Administrative Office of the Courts.
9. Upon approval by the Administrative Director of the Courts, and notification to the Department of Finance, the chairpersons of the committees in each house of the Legislature that consider appropriations and the State Budget, and the Chairperson of the Joint Legislative Budget Committee, the Controller shall additionally increase the amount of the transfer by an amount or amounts no more than \$1,090,000. Any augmentations shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget,

and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.

10. In order to improve equal access and the fair administration of justice, the funds appropriated in Schedule (8) are available for distribution by the Judicial Council through the Legal Services Trust Fund Commission to qualified legal services projects and support centers as defined in Sections 6213 to 6215, inclusive, of the Business and Professions Code, to be used for legal services in civil matters for indigent persons. The Judicial Council shall approve awards made by the commission if the council determines that the awards comply with statutory and other relevant guidelines. Upon approval by the Administrative Director of the Courts, the Controller shall transfer up to 5 percent of the funding appropriated in Schedule (8) to Item 0250-001-0932 for administrative expenses. Ten percent of the funds remaining after administrative costs shall be for joint projects of courts and legal services programs to make legal assistance available to pro per litigants and 90 percent of the funds remaining after administrative costs shall be distributed consistent with Sections 6216 to 6223, inclusive, of the Business and Professions Code. The Judicial Council may establish additional reporting or quality control requirements consistent with Sections 6213 to 6223, inclusive, of the Business and Professions Code.
11. Of the funds appropriated in this item, \$27,767,000 is provided for the costs of new judgeships and accompanying staff. Any funds not used for this purpose shall revert to the General Fund. The Judicial Council shall report to the Legislature on January 1, 2008, and each January 1 thereafter, until all judgeships are appointed and new staff hired, on the amount of funds allocated to each trial court to fund the new portions.
12. Funds available for expenditure in Schedule (8) may be augmented by order of the Director of Finance by the amount of any additional resources deposited for distribution to the Equal

Access Fund Program in accordance with Sections 68085.3 and 68085.4 of the Government Code. Any augmentation under this provision shall be authorized not sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine.

- 13. From funds previously provided by the Legislature in the 2004–05 budget to address court employee pay parity due to unification of the municipal and superior courts, the Judicial Council shall allocate funds to the Los Angeles Superior Court and the court shall pay to each employee the amount the employee would have received if the reclassification raise the employee received on October 1, 2005, had been retroactive to August 1, 2005. The Administrative Office of the Courts shall confirm with the Los Angeles Superior Court the names of the affected employees and the amount of funding necessary to implement this provision.
- 14. Of the amount appropriated in Schedule (1), \$2,500,000 shall be available for the expansion of self-help programs to court locations without an existing self-help program or to additional case types in court locations with self-help programs.

0250-102-0556—For local assistance, Judicial Branch, payable from the Judicial Administration Efficiency and Modernization Fund..... 37,692,000

Provisions:

- 1. Upon approval of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the Judicial Administration Efficiency and Modernization Fund, which is in addition to the amount appropriated in this item. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider

appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.

0250-111-0001—For transfer by the Controller to the Trial Court Trust Fund..... 1,813,729,000

0250-112-0001—For transfer by the Controller to the Judicial Administration Efficiency and Modernization Fund..... 37,692,000

0250-115-0932—For transfer, upon order of the Director of Finance, to the Judicial Branch Workers’ Compensation Fund..... 1,000

Provisions:

1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the Judicial Council shall adjust the amount of this transfer to provide adequate resources to the Judicial Branch Workers’ Compensation Fund to pay workers’ compensation claims for judicial branch employees and judges, and administrative costs pursuant to Section 68114.10 of the Government Code.

0250-301-0660—For capital outlay, Judicial Branch, payable from the Public Buildings Construction Fund..... 3,086,000

Schedule:

- (1) 90.20.401-Court of Appeal, Fourth Appellate District Santa Ana: New Courthouse—Construction..... 3,086,000

Provisions:

1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the design and construction of the project authorized by this item.
2. The Judicial Branch and State Public Works Board are authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled project.

- 3. The State Public Works Board shall not be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This provision does not exempt the Judicial Branch from the requirements of the California Environmental Quality Act. This provision is declaratory of existing law.

0250-301-3037—For capital outlay, Judicial Branch, payable from the State Court Facilities Construction Fund..... 35,949,000

Schedule:

- (0.5) 91.05.001-Calaveras County, New San Andreas Courthouse—Acquisition..... 845,000
- (1) 91.07.001-Contra Costa County: New Antioch Area Courthouse—Working drawings..... 3,632,000
- (1.5) 91.18.001-Lassen County, New Susanville Courthouse—Acquisition..... 1,478,000
- (1.6) 91.19.001-Los Angeles County, New Long Beach Courthouse—Acquisition..... 5,889,000
- (2) 91.20.001-Madera County: New Madera Courthouse—Acquisition.... 3,440,000
- (3) 91.26.001-Mono County: New Mammoth Lakes Courthouse—Working drawings..... 725,000
- (4) 91.32.001-Plumas and Sierra Counties: New Portola/Loyalton Courthouse—Working drawings.... 346,000
- (5) 91.33.001-Riverside County: New Riverside Mid-County Courthouse—Acquisition..... 3,283,000
- (5.5) 91.35.001-San Benito County, New Hollister Courthouse—Acquisition..... 541,000
- (6) 91.36.001-San Bernardino County: New San Bernardino Courthouse—Acquisition..... 4,774,000

- (7) 91.39.001-San Joaquin County:
New Stockton Courthouse—Acqui-
sition..... 6,570,000
- (8) 91.54.001-Tulare County, New
Porterville Courthouse—Acquisi-
tion..... 4,426,000

Provisions:

- 4.5. Notwithstanding any other provision of law, each county listed in this item shall transfer responsibility or responsibility and title to the state prior to the release of funds for all acquisition projects. Of the funds appropriated for the San Bernardino County, New San Bernardino Courthouse project, \$4,774,000 will be reimbursed from funds donated by the County of San Bernardino.
- 5. Notwithstanding subdivision (d) of Section 70374 of the Government Code, the Judicial Council will not commit to additional expenditures from the Court Facilities Construction Fund above the level appropriated in the 2007–08 Budget Act unless the expenditures are replaced with increased revenues to the fund. This is to ensure that moneys remain in the fund to support the construction of the new court facility projects approved in the 2007–08 Budget Act.
- 6. Beginning with the 2008–09 budget, each capital outlay request will address the eventual disposition of the court facility or facilities that will be vacated as part of the new project. The disposition plan should seek to ensure the most efficient and least costly option to the state in replacing the court facility.
- 7. Notwithstanding any other provision of law, the Administrative Office of the Courts shall gather information for a public-private partnership agreement for the Long Beach Court replacement, specify a process and criteria for developing alternative methods of project delivery, and identify variables that will be used to evaluate the alternative methods of delivery.
- 8. Pursuant to Section 70391.5 of the Government Code, the Judicial Council may enter into a lease-purchase agreement or other appropriate multiyear agreement, together with other related agreements, with one or more entities for the delivery of the new Los Angeles County—Long

Beach Courthouse that will provide payments to the entity or entities for the state's proportional share of project costs, subject to notice to the Legislature and the Department of Finance approval that the agreements meet established performance expectations. This provision is contingent upon the execution of an agreement for transfer of responsibility of the existing Long Beach court facility to the state no later than June 30, 2007, and subsequent approval of the transfer of title by the State Public Works Board.

0250-401—The Director of Finance may authorize a loan from the General Fund to the Trial Court Improvement Fund for cashflow purposes in an amount not to exceed \$70,000,000 subject to the following conditions:

- (a) The loan is to meet cash needs resulting from a delay in receipt of revenues.
- (b) The loan is short term, and shall be repaid by October 31 of the fiscal year following that in which the loan was authorized.
- (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
- (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.

0250-490—Reappropriation, Judicial Branch. The balances of the appropriations provided for in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriations:

3037—State Court Facilities Construction Fund

- (1) Item 0250-301-3037, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - (1) 91.07.001-Contra Costa County: New Antioch Area Courthouse—Preliminary plans
 - (1.2) 91.10.001-Fresno County: Sisk Federal Courthouse Renovation—Working drawings and construction

(1.3) 91.26.001-Mono County: New Mammoth Lakes Courthouse—Preliminary plans	
(2) 91.32.001-Plumas and Sierra Counties: New Portola/Loyalton Courthouse—Preliminary plans	
0280-001-0001—For support of the Commission on Judicial Performance, Program 10.....	4,400,000
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the amount appropriated in this item shall be reduced by the amount transferred in Item 0280-011-0001 to provide adequate resources to the Judicial Branch Workers' Compensation Fund to pay workers' compensation claims for judicial branch employees and administrative costs pursuant to Section 68114.10 of the Government Code.	
0280-011-0001—For transfer, upon order of the Director of Finance, to the Judicial Branch Workers' Compensation Fund.....	1,000
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the Commission on Judicial Performance shall adjust the amount of this transfer to provide adequate resources to the Judicial Branch Workers' Compensation Fund to pay workers' compensation claims for judicial branch employees and administrative costs pursuant to Section 68114.10 of the Government Code.	
0390-001-0001—For transfer by the Controller to the Judges' Retirement Fund, for Supreme Court and Appellate Court Justices.....	1,150,000
Provisions:	
1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between Item 0390-001-0001 and Item 0390-101-0001.	
0390-101-0001—For transfer by the Controller to the Judges' Retirement Fund for Superior Court and Municipal Court Judges.....	136,304,000
Provisions:	
1. Upon order of the Department of Finance, the Controller shall transfer such funds as are neces-	

sary between Item 0390-001-0001 and Item 0390-101-0001.

Executive

0500-001-0001—For support of Governor and of Governor’s office.....	19,650,000
Schedule:	
(1) Support.....	19,575,000
(2) Governor’s Residence (Support)....	35,000
(3) Special Contingent Expenses.....	40,000
Provisions:	
1. The funds appropriated in Schedules (2) and (3) of this item are exempt from the provisions of Sections 925.6, 12410, and 13320 of the Government Code.	
0502-001-9730—For support of the Office of the Chief Information Officer, payable from the Department of Technology Services Revolving Fund.....	3,500,000
Schedule:	
(1) Office of the Chief Information Officer.....	3,500,000
Provisions:	
1. By March 1, 2008, the Office of the Chief Information Officer shall deliver a five-year project plan for achieving the administration’s stated direction of improving the state’s information technology (IT) effectiveness. The project plan shall include a timeline, milestones, and well-defined deliverables that include, but are not limited to: (a) a minimum skill set for state IT project managers, including the state budgeting and contracting processes, (b) a process by which IT project managers will be certified to the minimum skill level before they assume an IT project leadership assignment, and (c) a process for identifying and applying current technologies to enable data sharing across state systems as a means to reduce state business and IT process redundancy and inefficiencies.	
0510-001-0001—For support of Secretary of State and Consumer Services.....	804,000
Schedule:	
(1) Support.....	1,426,000
(2) Reimbursements.....	-622,000

Item Amount

0520-001-0001—For support of Secretary for Business, Transportation and Housing, for payment to Item 0520-001-0044..... 4,878,000

Provisions:

1. Of the amount appropriated in this item, \$1,000,000 shall be available for use by the California Travel and Tourism Commission for use in promoting California tourism to potential visitors.

0520-001-0044—For support of Secretary for Business, Transportation and Housing, payable from the Motor Vehicle Account, State Transportation Fund..... 1,428,000

Schedule:

- (1) 10-Administration of Business, Transportation and Housing Agency..... 3,372,000
- (2) 25-Infrastructure Finance and Economic Development Program..... 14,280,000
- (3) Reimbursements..... -3,055,000
- (4) Amount payable from the General Fund (Item 0520-001-0001)..... -4,878,000
- (5) Amount payable from the California Infrastructure and Economic Development Bank Fund (Item 0520-001-0649)..... -3,183,000
- (6) Amount payable from the Federal Trust Fund (Item 0520-001-0890).... -4,300,000
- (7) Amount payable from the California Small Business Expansion Fund (Item 0520-001-0918)..... -437,000
- (8) Amount payable from the Welcome Center Fund (Item 0520-001-3083)..... -78,000
- (9) Amount payable from the Film Promotion and Marketing Fund (Item 0520-001-3095)..... -10,000
- (10) Amount payable from the Chrome Plating Pollution Prevention Fund (Item 0520-001-9329)..... -283,000

Provisions:

1. Of the amount appropriated in Schedule (2), \$85,000 is for reimbursement of the Department of Toxic Substances Control for expansion of the Model Shop Program pursuant to Chapter 2 (commencing with Section 42100) of Part 3 of Division 30 of the Public Resources Code.

Item	Amount
0520-001-0649—For support of Secretary for Business, Transportation and Housing, for payment to Item 0520-001-0044, payable from the California Infrastructure and Economic Development Bank Fund....	3,183,000
0520-001-0890—For support of Secretary for Business, Transportation and Housing, for payment to Item 0520-001-0044, payable from the Federal Trust Fund.....	4,300,000
0520-001-0918—For support of Secretary for Business, Transportation and Housing, for payment to Item 0520-001-0044, payable from the California Small Business Expansion Fund.....	437,000
0520-001-3083—For support of Secretary for Business, Transportation and Housing, for payment to Item 0520-001-0044, payable from the Welcome Center Fund.....	78,000
Provisions:	
1. Consistent with Section 13995.151 of the Government Code, the Office of Tourism has the flexibility to limit the number of California Welcome Centers within a geographic area to prevent excessive density, but it also has the flexibility to locate them within 50 miles of each other regardless of whether they would be located in a rural or urban area.	
0520-001-3095—For support of Secretary for Business, Transportation and Housing, for payment to Item 0520-001-0044, payable from the Film Promotion and Marketing Fund.....	10,000
0520-001-9329—For support of Secretary for Business, Transportation and Housing, for payment to Item 0520-001-0044, payable from the Chrome Plating Pollution Prevention Fund.....	283,000
0520-002-0001—For support of Secretary for Business, Transportation and Housing.....	70,000
Provisions:	
1. The amount appropriated in this item is available for payment of costs resulting from the closure of the former Technology, Trade, and Commerce Agency. Notwithstanding any other provision of law, if the Department of Finance determines that the expenditures for these costs will exceed the expenditures authorized by this item, the Department of Finance shall report that fact to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consid-	

er appropriations. Thirty days after providing the written notification, the Director of Finance may increase this appropriation pursuant to the provisions of Chapter 2 of the Statutes of 2003, First Extraordinary Session.

0520-011-0001—For transfer, upon order of the Director of Finance, to the Small Business Expansion Fund....	3,927,000
0520-101-0001—For local assistance, Secretary of Business, Transportation and Housing.....	0
Schedule:	
(1) 25-Infrastructure Finance and Economic Development Program.....	2,000,000
(2) Reimbursements.....	-2,000,000
0520-101-9329—For local assistance, Secretary for Business, Transportation and Housing, payable from the Chrome Plating Pollution Prevention Fund.....	250,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may adjust amounts in this appropriation item for payment of defaults and related costs on loan guarantees made pursuant to Chapter 2 (commencing with Section 42100) of Part 3 of Division 30 of the Public Resources Code. Within 30 days of making an adjustment, the Department of Finance shall report the adjustment in writing to the Joint Legislative Budget Committee.	
0520-401—The Department of Finance is hereby authorized to transfer any savings from the amount transferred pursuant to Item 0520-011-0001 of this act to the General Fund at the end of the 2007–08 fiscal year.	
0530-001-0001—For support of Secretary of California Health and Human Services.....	2,093,000
Schedule:	
(1) 10-Secretary of California Health and Human Services.....	4,247,000
(2) Reimbursements.....	-1,254,000
(3) Amount payable from the Federal Trust Fund (Item 0530-001-0890)....	-900,000
0530-001-0890—For support of Secretary of California Health and Human Services, for payment to Item 0530-001-0001, payable from the Federal Trust Fund.....	900,000
0530-001-9732—For support of Secretary of California Health and Human Services, payable from the Office of Systems Integration Fund.....	182,976,000

Schedule:

(1) 30-Office of Systems Integration..... 182,976,000

Provisions:

1. Notwithstanding any other provision of law, upon the request of the California Health and Human Services Agency, the Department of Finance may augment the amount available for expenditure in this item to pay for new contract costs for the In-Home Supportive Services/Case Management Payrolling System II. The augmentation may be made not sooner than 30 days after notification in writing of the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee may in each instance determine. The amount of funds augmented pursuant to the authority in this provision shall be consistent with the amount approved by the Department of Finance based on its review and approval of the new contract and Special Project Report, or equivalent document, to be submitted at the conclusion of procurement activities.

0530-017-0001—For support of Secretary of California Health and Human Services..... 3,169,000

Schedule:

(1) 21-Office of HIPAA Implementation..... 3,820,000

(2) Reimbursements..... -651,000

Provisions:

1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

0540-001-0001—For support of Secretary for Resources, payable to Item 0540-001-0140..... 6,005,000

0540-001-0005—For support of Secretary for Resources, for payment to Item 0540-001-0140, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund..... 207,000

0540-001-0140—For support of Secretary for Resources, payable from the Environmental License Plate Fund..... 3,316,000

Schedule:

(1) 10-Administration of Resources Agency.....	23,268,000	
(2) 20-CALFED Bay-Delta Program....	32,790,000	
(3) Reimbursements.....	-16,439,000	
(4) Amount payable from the General Fund (Item 0540-001-0001).....	-6,005,000	
(5) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 0540-001-0005).....	-207,000	
(5.5) Amount payable from the Environmental and Mitigation Program Fund (Item 0540-001-0183).....	-125,000	
(6) Amount payable from the Federal Trust Fund (Item 0540-001-0890)....	-2,959,000	
(7) Amount payable from the River Protection Subaccount (Item 0540-001-6015).....	-16,000	
(8) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 0540-001-6029).....	-1,935,000	
(9) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 0540-001-6031)....	-10,761,000	
(10) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 0540-001-6051).....	-14,295,000	
0540-001-0183—For support of Secretary for Resources, for payment to Item 0540-001-0140, payable from the Environmental Enhancement and Mitigation Program Fund.....		125,000
0540-001-0890—For support of Secretary for Resources, for payment to Item 0540-001-0140, payable from the Federal Trust Fund.....		2,959,000
0540-001-6015—For support of Secretary for Resources, for payment to Item 0540-001-0140, payable from the River Protection Subaccount.....		16,000

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Item

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0540-001-6029—For support of Secretary for Resources, for payment to Item 0540-001-0140, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..... 1,935,000

0540-001-6031—For support of Secretary for Resources, for payment to Item 0540-001-0140, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002..... 10,761,000

0540-001-6051—For support of Secretary for Resources, for payment to Item 0540-001-0140, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 14,295,000

Provisions:

1. The funds appropriated in this item for purposes of subdivision (n) of Section 75050 of the Public Resources Code shall be available for encumbrance or expenditure until June 30, 2010, for purposes of support, local assistance, or capital outlay.
2. The funds appropriated in this item for purposes of subdivision (n) of Section 75050 of the Public Resources Code may only be used, consistent with the terms of the settlement agreement in *N.R.D.C. v. Rodgers*, for the following: studies, baseline monitoring, and other project planning, management, and research costs; establishment, operation, and other costs of the Technical Advisory Committee; and the establishment, operation, and other costs of the Restoration Administrator. To the extent that the Technical Advisory Committee gives advice directly to state agencies, the Technical Advisory Committee shall play only an advisory role to the state.

0540-101-6031—For local assistance, Secretary for Resources, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002..... 20,500,000

Provisions:

1. The funds appropriated in this item for purposes of Section 79541 of the Water Code shall be available for encumbrance until June 30, 2010, for purposes of support, local assistance, or capital outlay.
2. The funds received by other state agencies from this item in accordance with Section 79541 of

the Water Code are exempt from the reporting requirements of Section 28.50.

0540-490—Reappropriation, Secretary for Resources.

The balance of the appropriations provided for in the following citations is reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2009:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

(1) Item 0540-101-0005, Budget Act of 2000 (Ch. 52, Stats. 2000)

(2) Item 0540-001-0005, Budget Act of 2002 (Ch. 379, Stats. 2002) for Folsom Powerhouse State Park Project.

6015—River Protection Subaccount

(1) Item 0540-101-6015, Budget Act of 2002 (Ch. 379, Stats. 2002)

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

(1) Item 0540-101-6029, Budget Act of 2002 (Ch. 379, Stats. 2002)

0540-491—Reappropriation, Secretary for Resources.

Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations is extended to June 30, 2009:

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

(1) Item 0540-001-6029, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 0540-490, Budget Act of 2004 (Ch. 208, Stats. 2004)

0540-492—Reappropriation, Secretary for Resources.

Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations is extended to June 30, 2008:

0001—General Fund

(1) Item 0540-101-0001, Budget Act of 1999 (Ch. 50, Stats. 1999), as reappropriated by Item 0540-492, Budget Act of 2002 (Ch. 379, Stats. 2002), Item 0540-490, Budget Acts of 2003 (Ch. 157, Stats. 2003), 2005 (Chs. 38 and 39, Stats. 2005), and 2006 (Chs. 47 and 48, Stats. 2006), and Item 0540-491, Budget Act of 2004 (Ch. 208, Stats. 2004)

(2) Item 0540-101-0001, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 0540-

<p>490, Budget Acts of 2003 (Ch. 157, Stats. 2003), 2005 (Chs. 38 and 39, Stats. 2005), and 2006 (Chs. 47 and 48, Stats. 2006), and Item 0540-491, Budget Act of 2004 (Ch. 208, Stats. 2004)</p> <p>(3) Item 0540-101-0001, Budget Act of 2001 (Ch. 106, Stats. 2001), as reappropriated by Item 0540-491, Budget Act of 2004 (Ch. 208, Stats. 2004), and Item 0540-490, Budget Acts of 2005 (Chs. 38 and 39, Stats. 2005) and 2006 (Chs. 47 and 48, Stats. 2006)</p> <p>0540-495—Reversion, Secretary for Resources. As of June 30, 2007, the balances specified below, of the appropriations provided in the following citations, shall revert to the balance of the fund from which the appropriations were made:</p> <p>6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund</p> <p>(1) \$10,000 from Item 0540-001-6029, Budget Act of 2003 (Ch. 157, Stats. 2003)</p> <p>(2) \$19,775 from Item 0540-001-6029, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)</p> <p>(3) \$21,225 from Item 0540-001-6029, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)</p> <p>0552-001-0001—For support of Office of the Inspector General.....</p> <p>Schedule:</p> <p>(1) 10-Office of the Inspector General.....</p> <p>Provisions:</p> <p>1. The Office of the Inspector General (OIG) shall analyze the extent to which current institutional levels of regular search and escort custody staffing, overtime funding, and funding for operational expenses and equipment (OE&E) have been accounted for in the transfer of resources for medical guarding and transportation from Item 5225-001-0001 to Item 5225-002-0001. This analysis shall specifically examine whether the transfer of the medical guarding and transportation functions to the Receiver warrants a reduction in the regular search and escort institutional custody staffing, overtime funding, and OE&E supported by Item 5225-001-0001. The Department of Corrections and Rehabilitation shall cooperate and provide any administrative resources necessary to assist the OIG in the timely completion of its analysis. The OIG may</p>	<p>19,265,000</p>
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contract for any expertise it determines is necessary to conduct this analysis. The OIG shall report its results to the Chair of the Joint Legislative Budget Committee and the chairs of the fiscal committees of both houses of the Legislature. The Director of Finance may augment this item for the purpose of this analysis no sooner than 30 days after notifying in writing the Chair of the Joint Legislative Budget Committee.

0555-001-0001—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044.....	1,136,000
0555-001-0014—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Hazardous Waste Control Account.....	318,000
0555-001-0028—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Unified Program Account....	1,412,000
0555-001-0044—For support of Secretary for Environmental Protection, payable from the Motor Vehicle Account, State Transportation Fund.....	1,813,000
Schedule:	
(1) 30-Support.....	14,223,000
(2) Reimbursements.....	-1,904,000
(3) Amount payable from the General Fund (Item 0555-001-0001).....	-1,136,000
(4) Amount payable from the Hazardous Waste Control Account (Item 0555-001-0014).....	-318,000
(5) Amount payable from the Unified Program Account (Item 0555-001-0028).....	-1,412,000
(6) Amount payable from the California Used Oil Recycling Fund (Item 0555-001-0100).....	-31,000
(7) Amount payable from the Department of Pesticide Regulation Fund (Item 0555-001-0106).....	-794,000
(8) Amount payable from the Air Pollution Control Fund (Item 0555-001-0115).....	-1,331,000
(9) Amount payable from the Waste Discharge Permit Fund (Item 0555-001-0193).....	-292,000

- (10) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 0555-001-0235)..... -65,000
- (11) Amount payable from the Recycling Market Development Revolving Loan Account, Integrated Waste Management Fund (Item 0555-001-0281)..... -146,000
- (12) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 0555-001-0387)..... -729,000
- (13) Amount payable from the Underground Storage Tank Cleanup Fund (Item 0555-001-0439)..... -866,000
- (14) Amount payable from the State Water Quality Control Fund (Item 0555-001-0679)..... -177,000
- (15) Amount payable from the Rural CUPA Reimbursement Account (Item 0555-001-1006)..... -953,000
- (16) Amount payable from the Water Rights Fund (Item 0555-001-3058)..... -35,000
- (17) Amount payable from the Environmental Enforcement and Training Account (Item 0555-001-8013).... -2,066,000
- (18) Amount payable from the Environmental Education Account (Item 0555-001-8020)..... -155,000

Provisions:

- 1. Notwithstanding Section 48653 of the Public Resources Code, funds appropriated in this item from the California Used Oil Recycling Fund shall be available for purposes of administration.
- 2. Funds appropriated in this item from the Environmental Education Account are available for appropriation only to the extent that funding is received in the Environmental Education Account established by Section 71305 of the Public Resources Code.

0555-001-0100—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the California Used Oil Recycling Fund.....

Item	Amount
0555-001-0106—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Department of Pesticide Regulation Fund.....	794,000
0555-001-0115—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Air Pollution Control Fund....	1,331,000
Provisions:	
1. Of the funds appropriated pursuant to this item, \$586,000 shall be expended solely for 4.0 full-time positions to perform functions associated with the Climate Action Team, including tracking of state agency actions to reduce greenhouse gas emissions.	
0555-001-0193—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Waste Discharge Permit Fund.....	292,000
0555-001-0235—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund.....	65,000
0555-001-0281—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Recycling Market Development Revolving Loan Account, Integrated Waste Management Fund.....	146,000
0555-001-0387—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....	729,000
0555-001-0439—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Underground Storage Tank Cleanup Fund.....	866,000
0555-001-0679—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the State Water Quality Control Fund.....	177,000
0555-001-1006—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Rural CUPA Reimbursement Account.....	953,000
0555-001-3058—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Water Rights Fund.....	35,000

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0555-001-8013—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Environmental Enforcement and Training Account.....		2,066,000
0555-001-8020—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Environmental Education Account.....		155,000
Provisions:		
1. The funding appropriated and available for expenditure in this item is limited to the amount of funding received in the Environmental Education Account established by Section 71305 of the Public Resources Code.		
0555-011-0001—For transfer by the State Controller to the Rural CUPA Reimbursement Account.....		953,000
0555-011-0044—For transfer by the Controller, upon order of the Director of Finance, to the Air Pollution Control Fund from the Motor Vehicle Account, State Transportation Fund.....		(293,000)
Provisions:		
1. The transfer made by this item is a loan to the Air Pollution Control Fund.		
0558-001-0001—For support of the Office of the Secretary for Education.....		998,000
Schedule:		
(1) Secretary for Education.....	1,098,000	
(2) Reimbursements.....	-100,000	
Provisions:		
1. The amount appropriated in this item is intended for support of the Education Agency. The appropriation is an estimate of the funding needs from January 1, 2008, to June 30, 2008, inclusive. Legislation establishing the agency will be introduced and, if enacted, would be effective on or before January 1, 2008. In the event that legislation creating the agency is not effective on or before January 1, 2008, or the funds are needed prior to January 1, 2008, the unexpended balance of the funds appropriated in this item shall be available for expenditure pursuant to Item 0650-011-0001, as authorized by the Director of Finance.		
2. Of the reimbursements appropriated in this item, \$48,000 in support of Proposition 49 activities is available only until June 30, 2010.		

0559-001-0001—For support of the California Labor and Workforce Development Agency.....	0
Schedule:	
(1) 10-Office of the Secretary of Labor and Workforce Development.....	2,445,000
(2) Reimbursements.....	-2,234,000
(3) Amount payable from the Labor and Workforce Development Fund (Item 0559-001-3078).....	-211,000
0559-001-3078—For support of the California Labor and Workforce Development Agency, for payment to Item 0559-001-0001, payable from the Labor and Workforce Development Fund.....	211,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
0650-001-0001—For support of Office of Planning and Research.....	5,436,000
Schedule:	
(1) 11-State Planning and Policy Development.....	4,238,000
(2) 21-California Service Corps.....	8,011,000
(3) Reimbursements.....	-3,408,000
(4) Amount payable from the Federal Trust Fund (Item 0650-001-0890)....	-3,405,000
Provisions:	
1. No later than April 1, 2008, the Office of Planning and Research shall report to the committees in each house of the Legislature that consider the budget on performance indicators for the Online Volunteer Matching Program. This report shall provide a status of the program using information available to identify the number and name of volunteer programs that received volunteers referred by this system, Internet Web site hit count by month, posted volunteer activities by month, number of first-time volunteers, number of volunteer hours directly attributable to the statewide system, and other measures to fully disclose the impact of the Online Volunteer Matching Program.	
0650-001-0890—For support of Office of Planning and Research, for payment to Item 0650-001-0001, payable from the Federal Trust Fund.....	3,405,000

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Item

STATUTES OF 2007

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Amount

0650-011-0001—For support of Office of Planning and Research.....	998,000
Schedule:	
(1) Office of the Secretary for Education.....	1,103,000
(2) Reimbursements.....	-105,000
Provisions:	
1. The funds appropriated in this item are intended for support of the Education Agency. The appropriation is an estimate of the funding needs from July 1, 2007, to December 31, 2007, inclusive. Legislation establishing the agency will be introduced and, if enacted, would be effective on or before January 1, 2008. After the effective date of that legislation, and upon the determination that all obligations of the agency in the Office of Planning and Research have been met, the unexpended balance of the funds appropriated in this item shall be available for expenditure pursuant to Item 0558-001-0001, as authorized by the Director of Finance.	
2. Of the reimbursements appropriated in this item, \$47,000 in support of Proposition 49 activities is available only until June 30, 2010.	
0650-101-0890—For local assistance, Office of Planning and Research, Program 21-California Service Corps, payable from the Federal Trust Fund.....	35,000,000
Provisions:	
1. The funds appropriated in this item are for local assistance allocations approved by the California Service Corps.	
0690-001-0001—For support of Office of Emergency Services.....	38,244,000
Schedule:	
(0.5) 10-Support of Office of Homeland Security.....	1,105,000
(1) 15-Mutual Aid Response.....	17,488,000
(2) 35-Plans and Preparedness.....	19,543,000
(3) 45-Disaster Assistance.....	29,140,000
(4) 55.01-Administration and Executive.....	8,489,000
(5) 55.02-Distributed Administration and Executive.....	-7,401,000
(8) Reimbursements.....	-2,651,000
(9) Amount payable from the Unified Program Account (Item 0690-001-0028).....	-781,000

- (10) Amount payable from the Nuclear Planning Assessment Special Account (Item 0690-001-0029)..... -1,080,000
- (11) Amount payable from the Federal Trust Fund (Item 0690-001-0890)..... -24,402,000
- (11.5) Amount payable from the California Ports Infrastructure, Security, and Air Quality Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 0690-001-6054)..... -1,105,000
- (12) Amount payable from the Antiterrorism Fund (Item 0690-015-3034)..... -101,000

Provisions:

- 1. Funds appropriated in this item may be reduced by the Director of Finance, after giving notice to the Chairperson of the Joint Legislative Budget Committee, by the amount of federal funds made available for the purposes of this item in excess of the federal funds scheduled in Item 0690-001-0890.
- 2. The Office of Emergency Services shall charge tuition for all training offered through the California Specialized Training Institute.
- 3. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 0690-101-0890.

0690-001-0028—For support of Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Unified Program Account..... 781,000

0690-001-0029—For support of Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Nuclear Planning Assessment Special Account..... 1,080,000

Provisions:

- 1. Pursuant to subdivision (f) of Section 8610.5 of the Government Code, any unexpended funds from the appropriation in the prior fiscal year for the purposes of conducting a full participation exercise are hereby appropriated in augmentation of this item.

0690-001-0890—For support of Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Federal Trust Fund..... 24,402,000
Provisions:

1. Any funds that may become available, in addition to the funds appropriated in this item, for disaster response and recovery may be allocated by the Department of Finance subject to the conditions of Section 28.00, except that, notwithstanding subdivision (d) of that section, the allocations may be made 30 days or less after notification of the Legislature.
2. Notwithstanding any other provision of law, the funds appropriated in this item may be expended without regard to the fiscal year in which the application for reimbursement was submitted to the Federal Emergency Management Agency.

0690-001-3112—For support of Office of Emergency Services, payable from the Equality in Prevention and Services for Domestic Abuse Fund..... 38,000

0690-001-6054—For support of the Office of Emergency Services, for payment to Item 0690-001-0001, payable from the California Ports Infrastructure, Security, and Air Quality Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 1,105,000

0690-001-8039—For support of Office of Emergency Services, payable from the Disaster Resistant Communities Account..... 200,000
Provisions:

1. The Department of Finance may authorize the augmentation of the total amount available for expenditure under this item in the amount of any donations from the private sector received by the Office of Emergency Services that are in excess of the amount appropriated in this item. Any augmentation shall be accompanied by a spending plan submitted by the Office of Emergency Services. The spending plan shall include, at a minimum, the source and level of donations received to date, a detailed description of activities already completed and those activities proposed, the source and amount of any additional donations expected to be received, and the identification of any impact of the spending plan on other state funds. An approval of an augmentation of this item shall be effective not sooner

than 30 days after the transmittal of the approval and spending plan to the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.

0690-002-0001—For support of Office of Emergency Services..... 11,073,000

Schedule:

- (1) 50-Criminal Justice Projects..... 14,869,000
- (2) 51-State Terrorism Threat Assessment Center..... 6,912,000
- (3) Reimbursements..... -20,000
- (4) Amount payable from the Local Public Prosecutors and Public Defenders Training Fund (Item 0690-002-0241)..... -76,000
- (5) Amount payable from the Victim-Witness Assistance Fund (Item 0690-002-0425)..... -1,335,000
- (6) Amount payable from the High Technology Theft Apprehension and Prosecution Program Trust Fund (Item 0690-002-0597)..... -691,000
- (7) Amount payable from the Federal Trust Fund (Item 0690-002-0890).... -8,586,000

Provisions:

- 1. The funds appropriated in Schedule (2) shall be used to continue and expand funding for the State Terrorism Threat Assessment Center, which shall provide investigative assistance to local and federal law enforcement agencies, provide intelligence gathering and data analysis, and create and maintain a statewide informational database to analyze and distribute information related to terrorist activities. The Office of Emergency Services shall allocate funds to the Department of Justice for these purposes upon the request of the Department of Justice.
- 2. It is the intent of the Legislature that the General Fund shall be reimbursed from future allocations of federal security-related funds that may be used for the purposes described in this item.
- 3. Of the funds appropriated in this item, \$100,000 is provided on a one-year, limited-term basis for state operations to support the California Multi-

jurisdictional Methamphetamine Enforcement Teams Program.

- 4. Of the amount appropriated in this item, \$446,000 shall be used for an Office of State Anti-Gang Coordination. The duties and responsibilities of this office shall be subject to additional definition in legislation adopted during the 2007–08 Regular Session.

0690-002-0241—For support of Office of Emergency Services, for payment to Item 0690-002-0001, payable from the Local Public Prosecutors and Public Defenders Training Fund..... 76,000

Provisions:

- 1. Notwithstanding any other provision of law restricting the costs of administering individual programs, the full amount of this appropriation may be used by the Office of Emergency Services for administrative costs.

0690-002-0425—For support of Office of Emergency Services, for payment to Item 0690-002-0001, payable from the Victim-Witness Assistance Fund.... 1,335,000

0690-002-0597—For support of Office of Emergency Services, for payment to Item 0690-002-0001, payable from the High Technology Theft Apprehension and Prosecution Program Trust Fund..... 691,000

Provisions:

- 1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555, Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.

0690-002-0890—For support of Office of Emergency Services, for payment to Item 0690-002-0001, payable from the Federal Trust Fund..... 8,586,000

0690-003-0001—For support of Office of Emergency Services, for rental payments on lease-revenue bonds..... 1,969,000

Schedule:

- (1) Base Rental and Fees..... 1,942,000
- (2) Insurance..... 27,000

- Provisions:
- 1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided

ed by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.

- 2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

0690-010-3034—For support of Office of Emergency Services for the Office of Homeland Security, for payment to Item 0690-011-0890, payable from the Antiterrorism Fund..... 110,000

0690-011-0890—For support of Office of Emergency Services for the Office of Homeland Security, payable from the Federal Trust Fund..... 35,195,000

Schedule:

- (1) 10-Support of Office of Homeland Security..... 13,305,000
- (2) 60-Support of Other State Agencies..... 22,000,000
- (3) Amount payable from the Antiterrorism Fund (Item 0690-010-3034)..... -110,000

0690-013-0001—For transfer by the Controller to the High Technology Theft Apprehension and Prosecution Program Trust Fund..... 691,000

Provisions:

- 1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555, Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.

0690-015-3034—For support of the Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Antiterrorism Fund..... 101,000

0690-101-0029—For local assistance, Office of Emergency Services, Program 35—Plans and Preparedness, payable from the Nuclear Planning Assessment Special Account..... 2,469,000

Provisions:

- 1. Pursuant to subdivision (f) of Section 8610.5 of the Government Code, any unexpended funds

from the appropriation in the prior fiscal year for the purposes of conducting a full participation exercise are hereby appropriated in augmentation of this item.

0690-101-0890—For local assistance, Office of Emergency Services, payable from the Federal Trust Fund..... 573,826,000

Schedule:

- (1) 35-Plans and Preparedness..... 16,100,000
- (2) 45-Disaster Assistance..... 557,726,000

Provisions:

- 1. Any federal funds that may become available in addition to the funds appropriated in this item for Program 45-Disaster Assistance are exempt from Section 28.00.

0690-101-6054—For local assistance, Office of Emergency Services, payable from the California Ports Infrastructure, Security, and Air Quality Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 40,000,000

Schedule:

- (1) 10-Support of Office of Homeland Security..... 40,000,000

0690-102-0001—For local assistance, Office of Emergency Services..... 61,949,000

Schedule:

- (1) 50.20-Victim Services..... 4,352,000
- (2) 50.30-Public Safety..... 57,597,000

Provisions:

- 1. Notwithstanding any other provision of law, the Office of Emergency Services may provide advance payment of up to 25 percent of grant funds awarded to community-based nonprofit organizations, cities, school districts, counties, and other units of local government that have demonstrated cashflow problems according to the criteria set forth by the Office of Emergency Services.
- 2. To maximize the use of program funds and demonstrate the commitment of the grantees to program objectives, the Office of Emergency Services shall require all grantees of funds from the Gang Violence Suppression-Curfew Enforcement Strategy Program to provide local matching funds of at least 10 percent for the first and each subsequent year of operation. This match requirement applies to each agency that is to receive

- grant funds. An agency may meet its match requirements with an in-kind match, if approved by the Office of Emergency Services.
3. Of the amount appropriated in Schedule (2), \$800,000 shall be provided for grants to counties, consistent with the Central Coast Rural Crime Prevention Program as established in Chapter 18 of the Statutes of 2003. The funds shall be distributed only to counties for planning, or for implementation of the program in those counties that have completed the planning process, consistent with Chapter 18 of the Statutes of 2003. In no case shall a grant exceed \$300,000.
 4. The Department of Finance shall include a special display table in the Governor's Budget under the Office of Emergency Services that displays, by fund source, component level detail for Program 50, Criminal Justice Projects. In addition, the Office of Emergency Services, in consultation with the Department of Finance, shall provide a report to the Joint Legislative Budget Committee by January 10 of each year that provides a list of grantees, total funds awarded to each grantee, and performance statistics to document program outputs and outcomes in order to assess the state's return on investment for each component of Program 50 for each of the three years displayed in the Governor's Budget.
 5. Of the funding appropriated in Schedule (2) of this item, \$29,400,000 is for local assistance to support the California Multijurisdictional Methamphetamine Enforcement Teams Program. \$19,900,000 of this funding is provided on a one-year, limited-term basis. No later than January 10, 2008, the Office of Emergency Services, in consultation with the Department of Finance, shall submit to the Joint Legislative Budget Committee a report that proposes a funding allocation plan that links grant funding to the size of the problem in each of the five state-designated regions. The report shall also include a summary of spending by region, program activities, and demonstrated outcomes such as lab seizures and arrests.
 6. Of the amount appropriated in Schedule (2), \$8,000,000 is in augmentation of the Vertical

Prosecution Block Grants for a total program of \$16,176,000.

0690-102-0214—For local assistance, Office of Emergency Services, payable from the Restitution Fund.... 10,500,000

Schedule:

- (1) Grants to cities with heavy gang concentrations..... 3,000,000
- (2) Competitive grants to cities..... 4,500,000
- (3) Competitive grants to community-based organizations..... 2,000,000
- (4) Internet Crimes Against Children Task Force Funding..... 1,000,000

Provisions:

1. The amount appropriated in Schedules (1), (2), and (3) shall be for grants to cities and community-based organizations for gang prevention, intervention, reentry, education, job training and skills development, and family and community services. Grant funds shall not be used for law enforcement suppression activities or front-line police services.
2. The Office of Emergency Services shall award grants from Schedules (1), (2), and (3) not later than January 15, 2008. All grantees must provide a dollar-for-dollar match to state grant funds. Grantees may expend funds over a three-year period.
3. The Office of Emergency Services shall submit a report and evaluation of the grants awarded pursuant to Schedules (1), (2), and (3) to the fiscal committees of the Legislature not later than April 1, 2011.
4. The Department of Finance may transfer up to 3 percent of the funds appropriated in Schedules (1), (2), and (3) to Item 0690-002-0001 for administration of the grant programs.
5. The amount appropriated in Schedule (1) shall be distributed as follows: \$1,000,000 each to Los Angeles, Bay Area cities, and Central Valley cities.
6. The amount appropriated in Schedule (2) shall be competitive grants to cities. No grant shall exceed \$500,000, and at least two grants shall be awarded to cities with populations of 200,000 or less. In awarding grants, the Office of Emergency Services shall give preference to appli-

cants that incorporate regional approaches to antigang activities.

- 7. Each city that receives a grant from Schedule (1) or (2) shall collaborate and coordinate with area jurisdictions and agencies, including the existing county juvenile justice coordination council, with the goal of reducing gang activity in the city and adjacent areas. Each grantee shall establish a coordinating and advisory council to prioritize the use of the funds. Membership shall include city officials, local law enforcement, including county sheriff, chief probation officer, and district attorney, local education agencies, including school districts and the county office of education, and community-based organizations.
- 8. The amount appropriated in Schedule (3) shall be for grants to community-based organizations. The grants shall be used to test different approaches designed to reduce gang activities in communities and neighborhoods. No grant shall exceed \$200,000.

0690-102-0241—For local assistance, Office of Emergency Services, payable from the Local Public Prosecutors and Public Defenders Training Fund.... 792,000

Schedule:

(1) 50.30-Public Safety..... 792,000

Provisions:

- 1. Notwithstanding any other provision of law, the Office of Emergency Services may provide advance payment of up to 25 percent of grant funds awarded to community-based, nonprofit organizations, cities, school districts, counties, and other units of local government that have demonstrated cashflow problems according to the criteria set forth by the Office of Emergency Services.

0690-102-0425—For local assistance, Office of Emergency Services, payable from the Victim-Witness Assistance Fund..... 16,519,000

Schedule:

(1) 50.20-Victim Services..... 16,519,000

Provisions:

- 1. Notwithstanding any other provision of law, the Office of Emergency Services may provide advance payment of up to 25 percent of grant funds awarded to community-based, nonprofit organi-

zations, cities, school districts, counties, and other units of local government that have demonstrated cashflow problems according to the criteria set forth by the Office of Emergency Services.

0690-102-0597—For local assistance, Office of Emergency Services, payable from the High Technology Theft Apprehension and Prosecution Program Trust Fund..... 13,300,000

Schedule:

(1) 50.30-Public Safety..... 13,300,000
Provisions:

1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555, Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.
2. All grantees receiving funds appropriated in this item shall be required to provide matching funds equal to 25 percent of the amount of grant funding received by them from the High Technology Theft Apprehension and Prosecution Program Trust Fund.

0690-102-0890—For local assistance, Office of Emergency Services, payable from the Federal Trust Fund..... 114,777,000

Schedule:

(1) 50.20 Victim Services..... 70,635,000
(2) 50.30 Public Safety..... 44,142,000
Provisions:

1. Notwithstanding any other provision of law, the Office of Emergency Services may provide advance payment of up to 25 percent of grant funds awarded to community-based, nonprofit organizations, cities, school districts, counties, and other units of local government that have demonstrated cashflow problems according to the criteria set forth by the Office of Emergency Services.
2. Of the funds appropriated in this item, \$224,000 of the amount allocated for the Victims of Crime Act Program (50.20.451) shall be provided for

support of the Office of Victims' Services within the Department of Justice.	
0690-102-3112—For local assistance, Office of Emergency Services, payable from the Equality in Prevention and Services for Domestic Abuse Fund.....	300,000
Schedule:	
(1) 50.20-Victim Services.....	300,000
0690-111-0890—For local assistance, Office of Emergency Services, for the Office of Homeland Security, payable from the Federal Trust Fund.....	328,000,000
0690-112-0001—For local assistance, Office of Emergency Services, for disaster recovery costs.....	55,793,000
Provisions:	
1. The funds appropriated in this item are for the state's share of response and recovery costs for disasters.	
0690-113-0001—For transfer by the Controller to the High Technology Theft Apprehension and Prosecution Program Trust Fund.....	13,300,000
Provisions:	
1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555 of the Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.	
0690-115-0001—For local assistance, Office of Emergency Services, for volunteer disaster service workers' compensation.....	1,125,000
Provisions:	
1. The funds appropriated in this item shall be used to pay approved volunteer disaster service workers' compensation claims and administrative expenditures related to the payment of those claims by the State Compensation Insurance Fund.	
2. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in this item in excess of the amount appropriated in this item for the purposes of paying unanticipated volunteer disaster service workers' compensation claims and administrative expenditures related to the payment of those claims. The Director of Finance may not approve any expendi-	

ture unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations no later than 30 days prior to the effective date of approval, or prior to whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.

0750-001-0001—For support of Office of the Lieutenant Governor..... 3,152,000
0820-001-0001—For support of Department of Justice.... 404,237,000

Schedule:

- (1) 11.01-Directorate—Administration..... 29,886,000
- (2) 11.02-Distributed Directorate—Administration..... -29,886,000
- (3) 12.01-Legal Support and Technology Administration..... 53,425,000
- (4) 12.02-Distributed Legal Support and Technology Administration.... -53,425,000
- (5) 25-Executive Programs..... 16,203,000
- (6) 30-Civil Law..... 146,177,000
- (7) 40-Criminal Law..... 118,744,000
- (8) 45-Public Rights..... 92,478,000
- (9) 50-Law Enforcement..... 254,168,000
- (10) 60-California Justice Information Services..... 182,388,000
- (13) Reimbursements..... -43,079,000
- (14) Amount payable from the Attorney General Antitrust Account (Item 0820-001-0012)..... -1,306,000
- (15) Amount payable from Hazardous Waste Control Account (Item 0820-001-0014)..... -1,973,000
- (16) Amount payable from the Fingerprint Fees Account (Item 0820-001-0017)..... -72,586,000
- (17) Amount payable from Firearms Safety Account (Item 0820-001-0032)..... -329,000
- (18) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 0820-001-0044)..... -24,876,000

(19) Amount payable from the Department of Justice Sexual Habitual Offender Fund (Item 0820-001-0142).....	-2,835,000
(20) Amount payable from the Travel Seller Fund (Item 0820-001-0158).....	-1,316,000
(21) Amount payable from the Restitution Fund (Item 0820-001-0214)....	-334,000
(22) Amount payable from the Sexual Predator Public Information Account (Item 0820-001-0256).....	-165,000
(23) Amount payable from the Indian Gaming Special Distribution Fund (Item 0820-001-0367).....	-15,180,000
(24) Amount payable from the False Claims Act Fund (Item 0820-001-0378).....	-13,195,000
(25) Amount payable from the Dealers' Record of Sale Special Account (Item 0820-001-0460).....	-9,745,000
(26) Amount payable from the Toxic Substances Control Account (Item 0820-001-0557).....	-2,361,000
(27) Amount payable from the Department of Justice Child Abuse Fund (Item 0820-001-0566).....	-350,000
(28) Amount payable from the Gambling Control Fund (Item 0820-001-0567).....	-7,021,000
(29) Amount payable from the Gambling Control Fines and Penalties Account (Item 0820-001-0569)....	-45,000
(30) Amount payable from the Federal Trust Fund (Item 0820-001-0890).....	-41,222,000
(31) Amount payable from the Federal Asset Forfeiture Account, Special Deposit Fund (Item 0820-001-0942).....	-1,475,000
(32) Amount payable from the State Asset Forfeiture Account, Special Deposit Fund (Item 0820-011-0942).....	-562,000
(33) Amount payable from the Firearms Safety and Enforcement Special Fund (Item 0820-001-1008).....	-3,075,000

(34) Amount payable from the Missing Persons DNA Database Fund (Item 0820-001-3016).....	-4,370,000
(35) Amount payable from the Public Rights Law Enforcement Special Fund (Item 0820-001-3053).....	-5,928,000
(36) Amount payable from the Ratepayer Relief Fund (Item 0820-001-3061).....	-7,147,000
(37) Amount payable from the DNA Identification Fund (Item 0820-001-3086).....	-20,986,000
(38) Amount payable from the Unfair Competition Law Fund (Item 0820-001-3087).....	-3,510,000
(39) Amount payable from the Registry of Charitable Trusts Fund (Item 0820-001-3088).....	-2,785,000
(40) Amount payable from the Legal Services Revolving Fund (Item 0820-001-9731).....	-118,165,000

Provisions:

1. The Attorney General shall submit to the Legislature, the Department of Finance, and the Governor the quarterly and annual reports that he or she submits to the federal government on the activities of the Medi-Cal Fraud Unit.
2. Notwithstanding any other provision of law, the Department of Justice may purchase or lease vehicles of any type or class that, in the judgment of the Attorney General or his or her designee, are necessary to the performance of the investigatory and enforcement responsibilities of the Department of Justice, from the funds appropriated for that purpose in this item.
3. Of the amount included in Schedule (6), \$4,184,000 is available for costs related to the Lloyd's of London (Stringfellow) litigation. Any funds not expended for this specific purpose as of June 30, 2008, shall revert immediately to the General Fund.
4. Of the funds appropriated in this item, \$18,029,000 is available solely for the Correctional Law Section that handles only workload related to Department of Corrections and Rehabilitation cases, and of that amount \$4,971,000 is restricted to class action workload.

5. Of the amount appropriated in Schedule (9), \$4,665,000 is available for costs related to the California Methamphetamine Strategy program. Any of these funds not expended for this specific purpose shall revert to the General Fund.	
6. Of the amount appropriated in Schedule (9), \$5,347,000 is available for costs related to the Gang Suppression Enforcement Teams program. Any of these funds not expended for this specific purpose shall revert to the General Fund.	
11. Notwithstanding any other provision of law, of the funds appropriated in Schedule (9), \$541,000 is payable from the Dealers' Record of Sale Special Account and may be used to update the Automated Firearms Systems database. These funds may not be expended until the Office of the Chief Information Officer approves a feasibility study report for this project. The Department of Justice shall notify the Joint Legislative Budget Committee that a feasibility study report has been approved within 30 days of the report's approval by the Office of the Chief Information Officer, and shall include with the notification a copy of the approved feasibility study report.	
12. Notwithstanding any other provision of law, \$1,000,000 in this item is provided to pursue climate litigation to reduce greenhouse gas emissions. These funds shall not be used to support litigation against local government entities.	
0820-001-0012—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Attorney General Antitrust Account.....	1,306,000
0820-001-0014—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Hazardous Waste Control Account.....	1,973,000
0820-001-0017—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Fingerprint Fees Account, pursuant to subdivision (e) of Section 11105 of the Penal Code.....	72,586,000
0820-001-0032—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Firearms Safety Account.....	329,000
0820-001-0044—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Motor Vehicle Account, State Transportation Fund.....	24,876,000

Item	Amount
0820-001-0142—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Department of Justice Sexual Habitual Offender Fund.....	2,835,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
0820-001-0158—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Travel Seller Fund.....	1,316,000
0820-001-0214—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Restitution Fund.....	334,000
0820-001-0256—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Sexual Predator Public Information Account....	165,000
Provisions:	
1. Notwithstanding subparagraph (D) of paragraph (5) of subdivision (a) of Section 290.4 of the Penal Code, the Department of Justice may expend the amount appropriated in this item.	
0820-001-0367—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Indian Gaming Special Distribution Fund.....	15,180,000
0820-001-0378—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the False Claims Act Fund.....	13,195,000
0820-001-0460—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Dealers' Record of Sale Special Account.....	9,745,000
Provisions:	
1. Dealers' Record of Sale fees collected pursuant to the state law for the registration of assault weapons shall not exceed \$20 per registrant.	
0820-001-0557—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Toxic Substances Control Account.....	2,361,000
0820-001-0566—For support of Department of Justice, for payment to Item 0820-001-0001, payable from Department of Justice Child Abuse Fund.....	350,000
0820-001-0567—For support of Department of Justice, for payment to Item 0820-001-0001, payable from Gambling Control Fund.....	7,021,000

Item	Amount
0820-001-0569—For support of Department of Justice, for payment to Item 0820-001-0001, payable from Gambling Control Fines and Penalties Account.....	45,000
0820-001-0890—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Federal Trust Fund.....	41,222,000
0820-001-0942—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Federal Asset Forfeiture Account, Special Deposit Fund.....	1,475,000
0820-001-1008—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Firearms Safety and Enforcement Special Fund....	3,075,000
0820-001-3016—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Missing Persons DNA Data Base Fund.....	4,370,000
0820-001-3053—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Public Rights Law Enforcement Special Fund....	5,928,000
Provisions:	
1. Of the funds appropriated in this item, \$4,976,000 is for the Corporate Responsibility Unit. These funds may not be encumbered or expended until the Corporate Responsibility Unit has recovered sufficient funds to cover its costs.	
0820-001-3061—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Ratepayer Relief Fund.....	7,147,000
Provisions:	
1. All funds appropriated in this item are for energy investigations and litigation. These funds may not be encumbered or expended until the Energy and Corporate Responsibility Section has recovered sufficient funds to cover its costs.	
0820-001-3086—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the DNA Identification Fund.....	20,986,000
0820-001-3087—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Unfair Competition Law Fund.....	3,510,000
0820-001-3088—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Registry of Charitable Trusts Fund.....	2,785,000
0820-001-9731—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Legal Services Revolving Fund.....	118,165,000

Provisions:

1. Notwithstanding Section 28.00, the Attorney General may augment the amount appropriated in the Legal Services Revolving Fund up to an aggregate of 10 percent above the amount approved in this act for the Civil Law Division and the Public Rights Division in cases where the legal representation needs of client agencies are secured by an interagency agreement or letter of commitment and the corresponding expenditure authority has not been provided in this item. The Attorney General shall notify the chairpersons of the budget committees, the Joint Legislative Budget Committee and the Department of Finance within 15 days after the augmentation is made as to the amount and justification of the augmentation, and the program that has been augmented.

0820-003-0001—For support of Department of Justice, for rental payments on lease-revenue bonds..... 4,520,000

Schedule:

- | | |
|-------------------------------|-----------|
| (1) Base Rental and Fees..... | 4,519,000 |
| (2) Insurance..... | 13,000 |
| (3) Reimbursements..... | -12,000 |

Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

0820-011-0942—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the State Asset Forfeiture Account, Special Deposit Fund..... 562,000

0820-101-0001—For local assistance, Department of Justice..... 3,045,000

Schedule:

- | | |
|--------------------------|-----------|
| (1) 40-Criminal law..... | 3,045,000 |
|--------------------------|-----------|

Provisions:

1. The funds appropriated in this item shall be allocated to district attorneys for vertical prosecution

activities related to implementation of the Battered Women Protection Act of 1994, pursuant to Chapter 885 of the Statutes of 1997.	
0820-101-0214—For local assistance, Department of Justice.....	6,355,000
Schedule:	
(1) 50-Law Enforcement.....	6,355,000
Provisions:	
1. The funds appropriated in this item shall be allocated to support the California Witness Protection Program. Any funds not expended for this specific purpose shall revert to the Restitution Fund.	
0820-101-0460—For local assistance, Department of Justice, payable from the Dealers' Record of Sale Special Account.....	28,000
Schedule:	
(2) 50-Law Enforcement.....	28,000
0820-101-0641—For local assistance, Department of Justice, payable from the Domestic Violence Restraining Order Reimbursement Fund.....	1,918,000
Provisions:	
1. The funds appropriated in this item shall be expended to reimburse local law enforcement or other criminal justice agencies pursuant to Chapter 707 of the Statutes of 1998.	
0820-490—Reappropriation, Department of Justice. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in the appropriations and shall be available for encumbrance or expenditure until June 30, 2008:	
0001—General Fund	
(1) Item 0820-001-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). The balance of the funds appropriated in Schedule (10) 60-California Justice Information Services for the Violent Crime Information Network Renovation project is reappropriated for that purpose.	
(2) Item 0820-001-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). The balance of the funds appropriated in Schedule (10) 60-California Justice Information Services for the Criminal Justice Information System Redesign project is reappropriated for that purpose.	
0840-001-0001—For support of State Controller.....	114,680,000

Schedule:

(1) 100000-Personal Services.....	99,147,000
(2) 300000-Operating Expenses and Equipment.....	80,629,000
(3) Amount payable from various special and nongovernmental cost funds (Section 25.25).....	-14,644,000
(4) Reimbursements.....	-38,439,000
(5) Amount payable from the Leaking Underground Storage Tank Cost Recovery Fund (Item 0840-001- 0025).....	-1,014,000
(6) Amount payable from the Motor Vehicle Fuel Account, Transporta- tion Tax Fund (Item 0840-001- 0061).....	-3,986,000
(7) Amount payable from the Highway Users Tax Account, Transportation Tax Fund (Item 0840-001-0062)....	-1,133,000
(8) Amount payable from the Local Revenue Fund (Item 0840-001- 0330).....	-570,000
(9) Amount payable from the Federal Trust Fund (Item 0840-001-0890)....	-1,381,000
(10) Amount payable from the State Penalty Fund (Item 0840-001- 0903).....	-1,280,000
(11) Amount payable from various other unallocated nongovernmental cost funds (Retail Sales Tax Fund) (Item 0840-001-0988).....	-236,000
(12) Amount payable from School Faci- lities Fund (Item 0840-001-6044)....	-935,000
(13) Amount payable from other unallo- cated special funds (Item 0840- 011-0494).....	-107,000
(14) Amount payable from unallocated bond funds (Item 0840-011- 0797).....	-410,000
(15) Amount payable from various other unallocated nongovernmental cost funds (Item 0840-011-0988).....	-100,000
(16) Amount payable from the Public Transportation Account, State Transportation Fund (Section 25.50).....	-18,000

(17) Amount payable from the Highway Users Tax Account, Transportation Tax Fund (Section 25.50).....	-290,000
(18) Amount payable from the Motor Vehicle License Fee Account, Transportation Tax Fund (Section 25.50).....	-17,000
(19) Amount payable from the DMV Local Agency Collection Fund (Section 25.50).....	-2,000
(20) Amount payable from the Trial Court Trust Fund (Section 25.50)....	-165,000
(21) Amount payable from the Timber Tax Fund (Section 25.50).....	-1,000
(22) Amount payable from the Public Safety Account, Local Public Safety Fund (Section 25.50).....	-254,000
(23) Amount payable from the Local Revenue Fund (Section 25.50).....	-114,000

Provisions:

1. The appropriation made in this item shall be in lieu of the appropriation in Section 1564 of the Code of Civil Procedure for all costs, expenses, or obligations connected with the administration of the Unclaimed Property Law, with the exception of payment of owners' or holders' claims pursuant to Section 1540, 1542, 1560, or 1561 of the Code of Civil Procedure, or of payment of the costs of compensating contractors for locating and recovering unclaimed property due the state.
2. Of the claims received for reimbursement of court-ordered or voluntary desegregation programs pursuant to Sections 42243.6, 42247, and 42249 of the Education Code, the Controller shall pay only those claims that have been subjected to audit by school districts in accordance with the Controller's procedures manual for conducting audits of education desegregation claims. Furthermore, the Controller shall pay only those past-year actual claims for desegregation program costs that are accompanied by all reports issued by the auditing entity, unless the auditing entity was the Controller.
3. No less than 0.9 personnel-year in the audits division shall be used to audit education desegregation claims.

4. The Controller may, with the concurrence of the Director of Finance and the Chairperson of the Joint Legislative Budget Committee, bill affected state departments for activities required by Section 20050 of the State Administrative Manual, relating to the administration of federal pass-through funds.
No billing may be sent to affected departments sooner than 30 days after the Chairperson of the Joint Legislative Budget Committee has been notified by the Director of Finance that he or she concurs with the amounts specified in the billings.
5. (a) Notwithstanding subdivision (b) of Section 1531 of the Code of Civil Procedure, the Controller may publish notice in any manner that the Controller determines reasonable, provided that (1) none of the moneys used for this purpose is redirected from funding for the Controller's audit activities, (2) no photograph is used in the publication of notice, and (3) no elected official's name is used in the publication of notice.
(b) No funds appropriated in this act may be expended by the Controller to provide general information to the public, other than holders (as defined in subdivision (e) of Section 1501 of the Code of Civil Procedure) of unclaimed property, concerning the unclaimed property program or possible existence of unclaimed property held by the Controller's office, except for informational announcements to the news media, through the exchange of information on electronic bulletin boards, or no more than \$50,000 per year to inform the public about this program in activities already organized by the Controller for other purposes. This restriction does not apply to sending individual notices to property owners (as required by the Code of Civil Procedure).
6. Of the moneys appropriated to the Controller in this act, the Controller shall not expend more than \$500,000 to conduct posteligibility fraud audits of the Supplemental Security Income/State Supplementary Payment Program.

7. The Commission on State Mandates shall provide, in applicable parameters and guidelines, as follows:
 - (a) If a local agency or school district contracts with an independent contractor for the preparation and submission of reimbursement claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the claims prepared and submitted by the independent contractor, or (2) the actual costs that would necessarily have been incurred for that purpose if performed by employees of the local agency or school district.
 - (b) The maximum amount of reimbursement provided in subdivision (a) may be exceeded only if the local agency or school district establishes, by appropriate documentation, that the preparation and submission of these claims could not have been accomplished without incurring the additional costs claimed by the local agency or school district.
8. The funds appropriated to the Controller in this item may not be expended for any performance review or performance audit except pursuant to specific statutory authority. It is the intent of the Legislature that audits conducted by the Controller, or under the direction of the Controller, shall be fiscal audits that focus on claims and disbursements, as provided for in Section 12410 of the Government Code. Any report, audit, analysis, or evaluation issued by the Controller for the 2007–08 fiscal year shall cite the specific statutory or constitutional provision authorizing the preparation and release of the report, audit, analysis, or evaluation.
9. The Controller shall deliver his or her monthly report on General Fund cash receipts and disbursements within 10 days after the close of each month to the Joint Legislative Budget Committee, the fiscal committees of the Legislature, the Department of Finance, the Treasurer’s office, and the Legislative Analyst’s Office.
10. For purposes of the review and payment of any claim for reimbursement by local government submitted pursuant to Section 54954.4 of the

Government Code, the Controller shall use the procedures that were in effect at the time the claim was submitted.

11. Pursuant to subdivision (c) of Section 1564 of the Code of Civil Procedure, the Controller shall transfer all moneys in the Abandoned Property Account in excess of \$50,000 to the General Fund no less frequently than at the end of each month. This transfer shall include unclaimed Proposition 103 insurance rebate moneys pursuant to Section 1861.01 of the Insurance Code and Section 1523 of the Code of Civil Procedure.
12. The Controller shall provide to the Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the fiscal committees of each house of the Legislature a report that provides the following details by mandate: the level of claims requested; the amount reduced by the initial desk audit; the amount paid; the amount recouped; and the results of a final audit and subsequent funding adjustments. The report is due on April 15, 2008, and will cover the fourth quarter of the 2006–07 fiscal year and the first three quarters of the 2007–08 fiscal year.
13. To the extent authorized by existing law, the Controller shall recoup the amount of any unallowable mandate claim costs resulting from desk and/or field audits of such claims.
14. The Controller’s estimate of the state’s liability for postemployment benefits prepared to comply with Governmental Accounting Standards Board (GASB) Statement 45 shall include, in addition to all other items required under the accounting statement: (a) an identification and explanation of any significant differences in actuarial assumptions or methodology from any relevant similar types of assumptions or methodology used by the California Public Employees’ Retirement System to estimate state pension obligations; and (b) alternative calculations of the state’s liability for postemployment benefits using different long-term rates of investment return consistent with a hypothetical assumption that the state will begin to deposit 100 percent or a lesser percent, respectively, of its annual required contribution under GASB Statement 45 to a re-

- tiree health and dental benefits trust fund beginning in the 2007–08 fiscal year. This provision shall not obligate the state to change the practice of funding health and dental benefits for annuitants currently required under state law.
15. Notwithstanding any other provision of law, the Director of Finance may authorize increases or decreases in expenditures for this item to reflect the final lease costs for the Cannery Business Park location and lease costs associated with the federal injunction on the Unclaimed Property Program of the Controller. The Director of Finance may authorize expenditure adjustments per this provision not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.
 16. The Controller shall provide the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house of the Legislature a report on the Human Resources Management System specifying the dollars expended on the program in the previous fiscal year and over the life of the program and any known savings that have occurred in the prior fiscal year , to be submitted annually but no later than August 30 of each year. The report should compare the known savings with the most recent estimate of projected savings and explain the methodology by which the savings were calculated.
 17. (a) The State Controller’s Office (SCO) shall conduct an audit of collection, distribution, and reporting practices related to local property tax revenue for K–14 districts. The intent of this audit is to determine why the growth rate in property tax revenues as reported by K–14 districts is lower than the growth rates reported by the State Board of Equalization and the countywide growth rates reported by county assessors. This audit shall determine how much property tax

is received at the district level, how those revenues are allocated, and how those revenues are reported for purposes of offsetting the state’s Proposition 98 General Fund obligation. The audit shall review and report on the property tax system, specifically the process from assessment to allocation, collection, and payment to K–14 districts and shall focus particular attention on pass-through payments received from redevelopment agencies.

- (b) Prior to initiating the audit, the SCO shall work with the Legislature, the State Department of Education, the Department of Finance, and the State Board of Equalization to ensure the scope adequately addresses the intent of the audit. The SCO shall provide an initial report on the audit findings to the Legislature, the State Department of Education, the Department of Finance, and the State Board of Equalization on or before November 1, 2007, and, if necessary, shall issue a supplemental report or reports as soon thereafter as possible.

0840-001-0025—For support of State Controller, for payment to Item 0840-001-0001, payable from the Leaking Underground Storage Tank Cost Recovery Fund.....	1,014,000
0840-001-0061—For support of State Controller, for payment to Item 0840-001-0001, payable from the Motor Vehicle Fuel Account, Transportation Tax Fund.....	3,986,000
Provisions:	
1. Provision 15 of Item 0840-001-0001 also applies to this item.	
0840-001-0062—For support of State Controller, for payment to Item 0840-001-0001, payable from the Highway Users Tax Account, Transportation Tax Fund.....	1,133,000
Provisions:	
1. Provision 15 of Item 0840-001-0001 also applies to this item.	
0840-001-0330—For support of State Controller, for payment to Item 0840-001-0001, payable from the Local Revenue Fund.....	570,000

	Amount
Provisions:	
1. Provision 15 of Item 0840-001-0001 also applies to this item.	
0840-001-0890—For support of State Controller, for payment to Item 0840-001-0001, payable from the Federal Trust Fund.....	1,381,000
0840-001-0903—For support of State Controller, for payment to Item 0840-001-0001, payable from the State Penalty Fund.....	1,280,000
Provisions:	
1. Provision 15 of Item 0840-001-0001 also applies to this item.	
0840-001-0988—For support of State Controller, for payment to Item 0840-001-0001, payable from various other unallocated nongovernmental cost funds (Retail Sales Tax Fund).....	236,000
Provisions:	
1. Provision 15 of Item 0840-001-0001 also applies to this item.	
0840-001-6044—For support of State Controller, for payment to Item 0840-001-0001, payable from School Facilities Fund.....	935,000
Provisions:	
1. Provision 15 of Item 0840-001-0001 also applies to this item.	
0840-011-0494—For support of State Controller, for payment to Item 0840-001-0001, payable from other unallocated special funds.....	107,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of the amount appropriated in this item not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.	
0840-011-0797—For support of State Controller, for payment to Item 0840-001-0001, payable from unallocated bond funds.....	410,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of the amount appropriated in this item	

not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

0840-011-0988—For support of State Controller, for payment to Item 0840-001-0001, payable from various other unallocated nongovernmental cost funds.... 100,000
Provisions:

1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of the amount appropriated in this item not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

0840-101-0979—For allocation by the Controller from the California Firefighters’ Memorial Fund..... 500,000
Provisions:

1. The funds appropriated in this item are to be allocated as follows:
 - (a) To the Franchise Tax Board and Controller for reimbursement of costs incurred in connection with duties under Article 9 (commencing with Section 18801) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code.
 - (b) To the California Fire Foundation the balance in the fund for the construction of a memorial as authorized in that article.

0840-490—Reappropriation, State Controller. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided in those appropriations and shall be available for encumbrance or expenditure until June 30, 2008:
0001—General Fund

- (1) Item 0840-001-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), for the purpose of the Unclaimed Property System Replacement project.

0840-495—Reversion, State Controller. As of June 30, 2007, the balances of the appropriations provided in the following citations shall revert to the balance in the fund from which the appropriations were made:		
0001—General Fund		
(1) Item 0840-001-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).....	308,000	
(2) 300000-Operating Expenses and Equipment.....	710,000	
(4) Reimbursements.....	-402,000	
0845-001-0217—For support of Department of Insurance, payable from the Insurance Fund.....	166,277,000	
Schedule:		
(1) 10-Regulation of Insurance Companies and Insurance Producers.....	68,782,000	
(2) 12-Consumer Protection.....	52,064,000	
(3) 20-Fraud Control.....	43,488,000	
(4) 30-Tax Collection and Audit.....	2,166,000	
(5) 50.01-Administration.....	28,546,000	
(6) 50.02-Distributed Administration.....	-28,519,000	
(7) Reimbursements.....	-250,000	
Provisions:		
1. Of the funds appropriated in this item, the Controller shall transfer one-half of \$4,898,000 upon passage of the Budget Act and the remaining half on January 1, 2008, to the California Department of Aging for support of the Health Insurance Counseling and Advocacy Program.		
2. Of the funds appropriated in this item, the Controller shall transfer one-half of \$607,000 upon passage of the Budget Act and the remaining half on January 1, 2008, to the State and Consumer Services Agency for support of the Office of Insurance Advisor, to provide assistance to the Governor on insurance-related matters. The unencumbered balance, as determined by the State and Consumer Services Agency for the 2007–08 fiscal year, shall revert to the Insurance Fund.		
3. The Department of Insurance shall include in the annual “Proposition 103 Recoupment Fee Assessment Report” funds paid pursuant to subdivision (b) of Section 1861.10 of the Insurance Code, pertaining to reasonable advocacy and witness fees and expenses for persons who		

initiate or intervene in any proceeding permitted or established under Article 10 (commencing with Section 1861.01) of Chapter 9 of Part 2 of Division 1 of the Insurance Code. The report shall be posted on the department's Internet Web site and shall include the following information: (a) the identity of the person making the application, (b) the specific proceeding in which the person participated, and (c) the fees and expenses collected by the person.

0845-101-0217—For local assistance, Department of Insurance, payable from the Insurance Fund..... 47,539,000
Schedule:

(1) 12-Consumer Protection..... 1,500,000

(2) 20-Fraud Control..... 46,039,000

0850-001-0562—For support of the California State Lottery Commission, for payment of expenses of the lottery, including all costs incurred in the operation and administration of the lottery, payable from the State Lottery Fund..... (435,225,000)
Provisions:

1. Notwithstanding any other provision of law, the California State Lottery Commission shall submit to the Department of Finance, the Joint Legislative Budget Committee, and the budget committees of the Legislature, all of the following:

(a) In conjunction with submission of the commission's quarterly financial statements, a report comparing estimated administrative costs to budgeted administrative costs for the 2008–09 fiscal year. The reports shall be in sufficient detail that they may be used for legislative review purposes and for sustaining a thorough ongoing review of the expenditures of the California State Lottery Commission. These reports shall include a reporting of the lottery sales revenues and shall detail any administrative funding that is used to supplement the prize pool of any lottery game.

(b) No later than January 10, 2008, a copy of the proposed administrative budget for the California State Lottery Commission for the 2008–09 fiscal year that is included in the Governor's Budget.

(c) No later than June 1, 2008, a copy of the proposed administrative budget and expected sales revenue for the California State Lottery Commission for the 2008–09 fiscal year that is submitted to the California State Lottery Commission’s Budget Committee. This report shall detail any administrative funding that is proposed to be used to supplement the prize pool of any lottery game.	
(d) No later than June 30, 2008, the final 2008–09 budget and revenue projections approved by the California State Lottery Commission. The report shall include any approved revision, and supporting documentation, to the June 1, 2008, proposed budget. The report shall detail any administrative funding that is proposed to be used to supplement the prize pool of any lottery game.	
0855-001-0367—For support of California Gambling Control Commission, payable from the Indian Gaming Special Distribution Fund.....	7,129,000
Schedule:	
(1) 10-California Gambling Control Commission.....	7,129,000
0855-001-0567—For support of California Gambling Control Commission, payable from the Gambling Control Fund.....	2,915,000
Schedule:	
(1) 10-California Gambling Control Commission.....	2,915,000
0855-101-0366—For local assistance, California Gambling Control Commission, payable from the Indian Gaming Revenue Sharing Trust Fund.....	96,500,000
Provisions:	
1. The funds appropriated in this item are for distribution to noncompact tribes pursuant to Section 12012.90 of the Government Code.	
2. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for purposes of this item in excess of the amount appropriated in this item. The Director of Finance may not approve any expenditure unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations not later than 30 days prior to the effective date of	

approval, or prior to whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.

3. As part of any request to augment this item, the California Gambling Control Commission shall provide the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations a report identifying (a) the methodology for determining a noncompact tribe, (b) a list of the noncompact tribes identified based on the commission’s methodology, (c) a trust fund condition report including the amount of revenue received from each compact tribe, and (d) the amount of funds to be distributed to each noncompact tribe. Upon receiving additional expenditure authority for distributing funds under the trust fund, the commission shall submit that information to the chairpersons of the committees on a quarterly basis concurrent with the distribution of the funds to the noncompact tribes.

0855-101-0367—For local assistance, California Gambling Control Commission, payable from the Indian Gaming Special Distribution Fund..... 30,283,000
Provisions:

1. Funds appropriated in this item shall be used to provide grants to local government agencies pursuant to Section 12715 of the Government Code.
2. Notwithstanding any other provision of law, of the amount appropriated in this item, \$282,500 is for payment to Del Norte County pursuant to Government Code Section 12714. This amount represents local mitigation grant funding not received by Del Norte County from the Indian Gaming Special Distribution Fund in fiscal years 2003–04, 2004–05, and 2005–06.

0855-111-0367—For transfer by the Controller, upon order of the Director of Finance, from the Indian Gaming Special Distribution Fund, to the Indian Gaming Revenue Sharing Trust Fund..... (50,500,000)

0860-001-0001—For support of State Board of Equalization..... 218,835,000
Schedule:

- (1) 100000-Personal Services..... 294,890,000
- (2) 300000-Operating Expenses and Equipment..... 96,269,000

(3) Reimbursements.....	-117,500,000
(4) Amount payable from the Breast Cancer Fund (Item 0860-001-0004).....	-523,000
(5) Amount payable from the State Emergency Telephone Number Account (Item 0860-001-0022).....	-607,000
(6) Amount payable from the Motor Vehicle Fuel Account, Transportation Tax Fund (Item 0860-001-0061).....	-20,891,000
(7) Amount payable from the Occupational Lead Poisoning Prevention Account (Item 0860-001-0070).....	-668,000
(8) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 0860-001-0080).....	-488,000
(9) Amount payable from the Cigarette and Tobacco Products Surtax Fund (Item 0860-001-0230).....	-6,556,000
(10) Amount payable from the Oil Spill Prevention and Administration Fund (Item 0860-001-0320).....	-247,000
(11) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 0860-001-0387).....	-426,000
(12) Amount payable from the Underground Storage Tank Cleanup Fund (Item 0860-001-0439).....	-2,909,000
(13) Amount payable from the Energy Resources Programs Account (Item 0860-001-0465).....	-243,000
(14) Amount payable from the California Children and Families First Trust Fund (Item 0860-001-0623).....	-10,918,000
(15) Amount payable from the Federal Trust Fund (Item 0860-001-0890).....	-1,594,000
(16) Amount payable from the Timber Tax Fund (Item 0860-001-0965)....	-2,243,000
(17) Amount payable from the Gas Consumption Surcharge Fund (Item 0860-001-3015).....	-417,000

(18)	Amount payable from the Water Rights Fund (Item 0860-001-3058).....	-420,000
(19)	Amount payable from the Electronic Waste Recovery and Recycling Account (Item 0860-001-3065)....	-4,494,000
(20)	Amount payable from the Cigarette and Tobacco Products Compliance Fund (Item 0860-001-3067).....	-1,180,000

Provisions:

1. It is the intent of the Legislature that all funds appropriated to the State Board of Equalization for processing tax returns, auditing, and collecting owed tax amounts, shall be used in a manner consistent with both its authorized budget and with the documents that were presented to the Legislature for its review in support of that budget. The State Board of Equalization shall not reduce expenditures or redirect either funding or personnel resources away from direct auditing or collection activities without prior approval of the Director of Finance. The director shall not approve any such reduction or redirection sooner than 30 days after providing notification to the Joint Legislative Budget Committee. No such position may be transferred from the organizational unit to which it was assigned in the 2007–08 Governor’s Budget and the Salaries and Wages Supplement as revised by legislative actions without the approval of the Department of Finance. Furthermore, the board shall expeditiously fill budgeted positions consistent with the funding provided in this act.
2. It is the intent of the Legislature that the funds appropriated for the State Board of Equalization Electronic Filing Infrastructure Project be used to improve the state’s efficiencies in tax administration. The State Board of Equalization shall report to the Department of Finance and the appropriate fiscal committees of the Legislature on March 1, 2008, and March 1, 2009, on the status of Electronic Filing at the State Board of Equalization, including the following:
 - (a) The current level of Electronic Filing participation.
 - (b) Any revised estimates of future Electronic Filing participation, including progress in

reaching 10-percent participation in the 2008–09 fiscal year and 20-percent in the 2009–10 fiscal year.

- (c) The board’s estimate of current and future annual savings associated with increased use of Electronic Services at the State Board of Equalization.
- (d) Any identified implementation problems or barriers to additional participation.

3. Of the amount appropriated in this item, \$400,000 shall be for the Board of Equalization to (a) contract with up to three selected county assessors offices on a pilot basis to include with their Business Property Statements an additional message from the board explaining the obligation to pay use tax on nonexempt purchases if sales tax was not paid and to provide, in electronic form, data to the board from the Business Property Statements on recent equipment purchases by businesses, and (b) for the board to conduct discovery audits for the primary purpose of determining whether the problem of nonpayment of use tax by businesses is significant and to determine, if feasible, areas with the greatest noncompliance (for example, by type of business, size, or geographic area). The board may seek the assistance of the selected county assessors in selecting and identifying businesses for potential discovery audits.

0860-001-0004—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Breast Cancer Fund..... 523,000
Provisions:

- 1. Notwithstanding Section 30461.6 of the Revenue and Taxation Code, or any other provision of law, sufficient funds to cover the costs of the State Board of Equalization for the collection and enforcement of fees to be deposited in the Breast Cancer Fund shall be retained in the fund, and be available to be appropriated to the board.

0860-001-0022—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the State Emergency Telephone Number Account..... 607,000

Item	Amount
0860-001-0061—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Motor Vehicle Fuel Account, Transportation Tax Fund.....	20,891,000
0860-001-0070—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Occupational Lead Poisoning Prevention Account.....	668,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified by Section 13332.18 of the Government Code.	
0860-001-0080—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Childhood Lead Poisoning Prevention Fund.....	488,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified by Section 13332.18 of the Government Code.	
0860-001-0230—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Cigarette and Tobacco Products Surtax Fund.....	6,556,000
0860-001-0320—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Oil Spill Prevention and Administration Fund.....	247,000
0860-001-0387—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....	426,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified by Section 13332.18 of the Government Code.	
0860-001-0439—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Underground Storage Tank Cleanup Fund.....	2,909,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines	

and penalties imposed as specified in Section 13332.18 of the Government Code.		
0860-001-0465—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Energy Resources Programs Account.....		243,000
0860-001-0623—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the California Children and Families Trust Fund.....		10,918,000
0860-001-0890—For support of the State Board of Equalization, for payment to Item 0860-001-0001, payable from the Federal Trust Fund.....		1,594,000
0860-001-0965—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Timber Tax Fund.....		2,243,000
0860-001-3015—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Gas Consumption Surcharge Fund.....		417,000
0860-001-3058—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Water Rights Fund.....		420,000
0860-001-3065—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Electronic Waste Recovery and Recycling Account.....		4,494,000
0860-001-3067—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Cigarette and Tobacco Products Compliance Fund.....		1,180,000
0890-001-0001—For support of Secretary of State.....		48,157,500
Schedule:		
(1) 10-Filings and Registrations.....	44,652,000	
(2) 20-Elections.....	46,933,500	
(3) 30-Archives.....	12,757,000	
(4) 50.01-Administration and Technology.....	21,468,000	
(5) 50.02-Distributed Administration and Technology.....	-21,468,000	
(6) Reimbursements.....	-7,339,000	
(7) Amount payable from the Secretary of State's Business Fees Fund (Item 0890-001-0228).....	-36,854,000	
(8) Amount payable from the Federal Trust Fund (Item 0890-001-0890).....	-10,365,000	

(9) Amount payable from the Victims of Corporate Fraud Compensation Fund (Item 0890-001-3042)..... -1,627,000

Provisions:

1. The Secretary of State may not expend any special handling fees authorized by Chapter 999 of the Statutes of 1999 which are collected in excess of the cost of administering those special handling fees unless specifically authorized by the Legislature.
2. Of the amounts appropriated in this item, \$10,673,000 shall be used for operational costs associated with implementation of the Help America Vote Act of 2002 (42 U.S.C. Sec. 15301 et seq.).

0890-001-0228—For support of Secretary of State, for payment to Item 0890-001-0001, payable from the Secretary of State’s Business Fees Fund..... 36,854,000

0890-001-0890—For support of Secretary of State, for payment to Item 0890-001-0001, payable from the Federal Trust Fund..... 10,365,000

Provisions:

1. Funds shall be expended for the purposes approved in the September 13, 2006, Help America Vote Act spending plan. The amounts spent on each activity shall not exceed the maximum specified in the spending plan.
2. Notwithstanding any other provision of law, any funds not needed for an activity authorized in the September 13, 2006, Help America Vote Act spending plan shall not be redirected to other activities and are not authorized for expenditure.
3. The Secretary of State shall forward to the Chairperson of the Joint Legislative Budget Committee copies of quarterly reports sent to the Department of Finance. The quarterly reports shall provide, at a minimum, the level of expenditures by scheduled activity.
4. The Secretary of State shall forward to the Department of Finance, the budget, appropriations, and policy committees in each house of the Legislature that oversee elections, and the Legislative Analyst, each year prior to January 15, until the Statewide Voter Database is fully implemented, a report on the status of all of the following:

- (a) Election system security measures, including all of the following:
 - (1) Source Code Review.
 - (2) Parallel Monitoring.
 - (3) Poll Monitoring, including a review of who conducted the monitoring and where they were located.
 - (b) Expected General Fund exposure for completion of Help America Vote Act compliance, including expected costs of administration.
 - (c) Completion of the CalVoter database, including information on the costs associated with the use of contractors and consultants, the names of the contractors and consultants used, and the purposes for which contractors and consultants were used.
5. The Department of Finance may authorize an increase in the appropriation of this item, up to the total amount of the program reserve. Any such approval shall be accompanied by the approval of an amended spending plan submitted by the Secretary of State providing detailed justification for the increased expenses. An approval of an augmentation or of spending plan amendments shall not be effective sooner than 30 days following the transmittal of the approval to the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.
 6. Notwithstanding any other provision of law, any primary vendor contract for the development of a new statewide voter registration database shall be subject to the notification and other requirements under Section 11.00. The validity of any such contract shall be contingent upon the appropriation of funds in future budget acts.
- 0890-001-3042—For support of Secretary of State, for payment to Item 0890-001-0001, payable from the Victims of Corporate Fraud Compensation Fund.... 1,627,000
- 0950-001-0001—For support of State Treasurer..... 6,771,000
- Schedule:
- (1) 100000-Personal Services..... 19,262,000
 - (2) 300000-Operating Expenses and Equipment..... 5,821,000
 - (3) Reimbursements..... -18,312,000

Provisions:

1. The Director of Finance may authorize a loan from the General Fund, in an amount not to exceed the level of reimbursements appropriated in Schedule (3) to the State Treasurer’s office, provided that:
 - (a) The loan is to meet cash needs resulting from a delay in receipt of reimbursements.
 - (b) The loan is short term, and shall be repaid within two months.
 - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) The Director of Finance shall not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.
 - (e) At the end of the two-month term of the loan, the State Treasurer’s office shall notify the Chairperson of the Joint Legislative Budget Committee whether the State Treasurer’s office has repaid the loan pursuant to subdivision (b).

0954-001-0001—For support of the Scholarshare Investment Board.....	1,048,000
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Schedule:

- | | |
|---|-----------|
| (1) 20-Governor’s Scholarship Programs..... | 1,048,000 |
|---|-----------|

Provisions:

1. Funds appropriated in this item are for the purpose of administering, in accordance with Article 20.5 (commencing with Section 69999.6) of Chapter 2 of Part 42 of the Education Code, the Governor’s Scholars Program and the Governor’s Math and Science Scholars Program, established pursuant to former Article 20 (commencing with Section 69995) of Chapter 2 of Part 42 of the Education Code.

0954-001-0564—For support of the Scholarshare Investment Board, payable from the Scholarshare Administrative Fund.....	1,331,000
Schedule:	
(1) 10-Golden State Scholarshare Trust Program.....	1,331,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the Scholarshare Investment Board in excess of the amount appropriated not sooner than 30 days after notification in writing is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0956-001-0171—For support of California Debt and Investment Advisory Commission, payable from the California Debt and Investment Advisory Commission Fund.....	2,176,000
Schedule:	
(1) 10-California Debt and Investment Advisory Commission.....	2,276,000
(2) Reimbursements.....	-100,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Debt and Investment Advisory Commission in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0959-001-0169—For support of California Debt Limit Allocation Committee, payable from the California Debt Limit Allocation Committee Fund.....	1,200,000
Schedule:	
(1) 10-Debt Limit Allocation Committee.....	1,200,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Debt Limit Allocation Com-	

mittee in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.

0965-001-0215—For support of California Industrial Development Financing Advisory Commission, payable from the Industrial Development Fund..... 260,000
Schedule:

- (1) 10-Industrial Development Financing Advisory Commission..... 335,000
- (2) Reimbursements..... -75,000

Provisions:

- 1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Industrial Development Financing Advisory Commission in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.

0968-001-0448—For support of California Tax Credit Allocation Committee, payable from the Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account..... 2,064,000
Schedule:

- (1) 10-California Tax Credit Allocation Committee..... 2,094,000
- (2) Reimbursements..... -30,000

Provisions:

- 1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Tax Credit Allocation Committee in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson

of the joint committee, or his or her designee, may in each instance determine.	
0968-001-0457—For support of California Tax Credit Allocation Committee, payable from the Tax Credit Allocation Fee Account.....	1,774,000
Schedule:	
(1) 10-California Tax Credit Allocation Committee.....	1,804,000
(2) Reimbursements.....	-30,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Tax Credit Allocation Committee in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0968-001-3038—For support of California Tax Credit Allocation Committee, payable from the Community Revitalization Fee Fund.....	82,000
Schedule:	
(1) 20-Community Revitalization Program.....	82,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Tax Credit Allocation Committee in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0971-001-0528—For support of California Alternative Energy and Advanced Transportation Financing Authority, payable from the California Alternative Energy Authority Fund.....	202,000
Schedule:	
(1) 10-California Alternative Energy and Advanced Transportation Financing Authority.....	202,000

Provisions:

- 1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Alternative Energy and Advanced Transportation Financing Authority in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

0977-001-6046—For the support of California Health Facilities Financing Authority, payable from the Children’s Hospital Fund..... 369,000

Schedule:

- (1) 30-Children’s Hospital Program.... 369,000

0985-001-0890—For support of California School Finance Authority, payable from the Federal Trust Fund..... 125,000

Schedule:

- (1) 20-Charter School Facilities Program..... 125,000

0985-001-9734—For support of California School Finance Authority, payable from the Charter School Facilities Account, 2004 State School Facilities Fund..... 566,000

Schedule:

- (1) 20-Charter School Facilities Program..... 566,000

0985-001-9735—For support of California School Finance Authority, payable from the Charter School Facilities Account, 2006 State School Facilities Fund..... 429,000

Schedule:

- (1) 20-Charter School Facilities Program..... 429,000

0985-101-0890—For local assistance, California School Finance Authority, State Charter School Facilities Incentive Grant Program, payable from the Federal Trust Fund..... 9,725,000

Provisions:

- 1. No charter school receiving funds under the program authorized under this provision shall receive funding in excess of 75 percent of annual lease costs through this program or in combina-

tion with any other source of funding provided in this or any other act.

STATE AND CONSUMER SERVICES

1100-001-0001—For support of California Science Center..... 14,808,000

Schedule:

- (1) 10-Education..... 13,567,000
- (2) 20-Exposition Park Management.... 4,351,000
- (3) 30-California African-American Museum..... 2,541,000
- (4) 40.01-Administration..... 1,176,000
- (5) 40.02-Distributed Administration.... -1,176,000
- (6) Reimbursements-Education..... -1,213,000
- (7) Reimbursements-Exposition Park Management..... -350,000
- (8) Reimbursements-California African-American Museum..... -75,000
- (10) Amount payable from the Exposition Park Improvement Fund (Item 1100-001-0267)..... -4,013,000

Provisions:

- 2. The operation of the California Science Center may require individual skills not generally available in state civil service to support specialized functions, such as exhibit maintenance, and educational and guest services programs, including animal care and horticulture. Notwithstanding any other provision of law, the California Science Center may enter into a personnel service contract or contracts with the California Science Center Foundation without a competitive bidding process. Any such contract shall be subject to approval by the State and Consumer Services Agency and the Department of General Services and be subject to all state audit requirements.

1100-001-0267—For support of California Science Center, for payment to Item 1100-001-0001, payable from the Exposition Park Improvement Fund..... 4,013,000

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Government Code Section 13332.18.

1100-003-0001—For support of California Science Center, for rental payments on lease-revenue bonds.....	2,707,000
Schedule:	
(1) Base Rental and Fees.....	2,700,000
(2) Insurance.....	19,000
(3) Reimbursements.....	-12,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
1100-301-0001—For capital outlay, California Science Center.....	2,325,000
Schedule:	
(1) 90.05-California African American Museum: Renovation and Expansion Project—Preliminary plans....	3,487,000
(2) Reimbursements.....	-1,162,000
1110-001-0024—For support of State Board of Guide Dogs for the Blind, Program 54, payable from the State Board of Guide Dogs for the Blind Fund.....	162,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0069—For support of the State Board of Barbering and Cosmetology, payable from the Barbering and Cosmetology Contingent Fund.....	17,290,000
Schedule:	
(1) 22-Board of Barbering and Cosmetology.....	17,347,000
(2) Reimbursements.....	-57,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

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1110-001-0093—For support of Contractors’ State License Board, for payment to Item 1110-001-0735, payable from the Construction Management Education Account.....		15,000
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-001-0108—For support of Acupuncture Board, payable from the Acupuncture Fund.....		2,621,000
Schedule:		
(1) 56-Acupuncture Board.....	2,644,000	
(2) Reimbursements.....	-23,000	
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-001-0175—For support of Medical Board of California, Registered Dispensing Opticians, for payment to Item 1110-001-0758, payable from the Dispensing Opticians Fund.....		281,000
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-001-0205—For support of Board for Geologists and Geophysicists, Program 51, payable from the Geology and Geophysics Fund.....		1,273,000
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-001-0210—For support of Medical Board of California, Outpatient Setting, for payment to Item 1110-001-0758, payable from the Outpatient Setting Fund of the Medical Board of California.....		25,000
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		

1110-001-0264—For support of Osteopathic Medical Board of California, payable from the Osteopathic Medical Board of California Contingent Fund.....	1,214,000
Schedule:	
(1) 70-Osteopathic Medical Board of California.....	1,264,000
(2) Reimbursements.....	-50,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0280—For support of Physician Assistant Committee, payable from the Physician Assistant Fund.....	1,144,000
Schedule:	
(1) 59-Physician Assistant Committee.....	1,169,000
(2) Reimbursements.....	-25,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0295—For support of California Board of Podiatric Medicine, payable from the Board of Podiatric Medicine Fund.....	1,335,000
Schedule:	
(1) 61-California Board of Podiatric Medicine.....	1,339,000
(2) Reimbursements.....	-4,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0310—For support of Board of Psychology, payable from the Psychology Fund.....	3,344,000
Schedule:	
(1) 62-Board of Psychology.....	3,395,000
(2) Reimbursements.....	-51,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

1110-001-0319—For support of Respiratory Care Board of California, payable from the Respiratory Care Fund.....	2,792,000
Schedule:	
(1) 64-Respiratory Care Board of California.....	2,858,000
(2) Reimbursements.....	-66,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0326—For support of State Athletic Commission, payable from the State Athletic Commission Fund.....	1,921,000
Schedule:	
(1) 9-State Athletic Commission.....	2,133,000
(2) Amount payable from the Boxers' Pension Fund (Item 1110-002-9250).....	-98,000
(3) Amount payable from the Boxer's Neurological Examination Account (Item 1110-001-0492).....	-114,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0376—For support of the Speech-Language Pathology and Audiology Board, payable from the Speech-Language Pathology and Audiology Board Fund.....	885,000
Schedule:	
(1) 65-Speech-Language Pathology and Audiology Board.....	909,000
(2) Reimbursements.....	-24,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0380—For support of the Committee on Dental Auxiliaries, Board of Dentistry, payable from the State Dental Auxiliary Fund.....	2,275,000
Schedule:	
(1) 36.20-Committee on Dental Auxiliaries.....	2,297,000

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Amount

(2) Reimbursements.....	-22,000	
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-001-0399—For support of Structural Pest Control Board, for payment to Item 1110-001-0775, payable from the Structural Pest Control Education and Enforcement Fund.....		365,000
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-001-0492—For support of State Athletic Commission, for payment to Item 1110-001-0326, payable from the Boxer’s Neurological Examination Account.....		114,000
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-001-0704—For support of California Board of Accountancy, payable from the Accountancy Fund, Professions and Vocations Fund.....		11,906,000
Schedule:		
(1) 3-California Board of Accountancy	12,202,000	
(2) Reimbursements.....	-296,000	
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-001-0706—For support of California Architects Board, payable from the California Architects Board Fund.....		3,076,000
Schedule:		
(1) 06.02.020-Distributed Cost-Architects/Landscape Architects.....	-49,000	
(2) 06.10.010-California Architects Board.....	3,130,000	
(3) Reimbursements.....	-5,000	

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1110-001-0735—For support of Contractors’ State License Board, payable from the Contractors’ License Fund..... 56,195,000

Schedule:

- (1) 30-Contractors’ State License Board..... 56,563,000
- (2) Reimbursements..... -353,000
- (3) Amount payable from the Construction Management Education Account (Item 1110-001-0093)..... -15,000

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.
2. The Secretary of State and Consumer Services shall report to the Director of Finance and the Joint Legislative Budget Committee on the progress of the Underground Economy Enforcement and shall provide justification for its continuance by September 13, 2007.

1110-001-0741—For support of Dental Board of California, Board of Dentistry, payable from the State Dentistry Fund..... 9,815,000

Schedule:

- (1) 36.10-Dental Board of California.... 9,985,000
- (2) Reimbursements..... -170,000

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1110-001-0757—For support of California Architects Board, Landscape Architect Technical Committee, Program 06.20, payable from California Architects Board-Landscape Architects Fund..... 1,087,000

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1110-001-0758—For support of Medical Board of California, payable from the Contingent Fund of the Medical Board of California..... 50,714,000

Schedule:

- (1) 55.10.010-Medical Board of California..... 51,789,000
- (2) 55.15-Registered Dispensing Opticians..... 281,000
- (3) 55.17-Outpatient Setting..... 25,000
- (4) 55.02.020-Distributed Medical Board of California..... -691,000
- (5) Reimbursements..... -384,000
- (6) Amount payable from the Dispensing Opticians Fund (Item 1110-001-0175)..... -281,000
- (7) Amount payable from the Outpatient Setting Fund of the Medical Board of California (Item 1110-001-0210)..... -25,000

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1110-001-0759—For support of Physical Therapy Board of California, payable from the Physical Therapy Fund..... 2,318,000

Schedule:

- (1) 58-Physical Therapy Board of California..... 2,417,000
- (2) Reimbursements..... -99,000

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1110-001-0761—For support of Board of Registered Nursing, payable from the Board of Registered Nursing Fund, Professions and Vocations Fund..... 22,634,000

Schedule:

- (1) 78-Board of Registered Nursing.... 23,648,000
- (2) Reimbursements..... -1,014,000

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1110-001-0763—For support of State Board of Optometry, payable from the Optometry Fund, Professions and Vocations Fund.....	1,180,000
Schedule:	
(1) 69-State Board of Optometry.....	1,186,000
(2) Reimbursements.....	-6,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0767—For support of California State Board of Pharmacy, payable from the Pharmacy Board Contingent Fund, Professions and Vocations Fund....	9,315,000
Schedule:	
(1) 72-California State Board of Pharmacy.....	9,566,000
(2) Reimbursements.....	-251,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0770—For support of Board for Professional Engineers and Land Surveyors, payable from the Professional Engineer’s and Land Surveyor’s Fund....	9,009,000
Schedule:	
(1) 75-Board for Professional Engineers and Land Surveyors.....	9,025,000
(2) Reimbursements.....	-16,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0771—For support of Court Reporters Board of California, payable from the Court Reporters’ Fund.....	825,000
Schedule:	
(1) 81-Court Reporters Board of California.....	843,000
(2) Reimbursements.....	-18,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

1110-001-0773—For support of Board of Behavioral Science, payable from the Behavioral Science Examiners Fund, Professions and Vocations Fund..... 5,577,000

Schedule:

- (1) 18-Board of Behavioral Science.... 5,732,000
- (2) Reimbursements..... -50,000
- (3) Amount payable from the Mental Health Services Fund (Item 1110-001-3085)..... -105,000

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1110-001-0775—For support of Structural Pest Control Board, payable from the Structural Pest Control Fund, Professions and Vocations Fund..... 4,014,000

Schedule:

- (1) 84-Structural Pest Control Board.... 4,381,000
- (2) Reimbursements..... -2,000
- (3) Amount payable from the Structural Pest Control Education and Enforcement Fund (Item 1110-001-0399).... -365,000

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1110-001-0777—For support of Veterinary Medical Board, payable from the Veterinary Medical Board Contingent Fund..... 2,206,000

Schedule:

- (1) 90-Veterinary Medical Board..... 2,232,000
- (2) Reimbursements..... -26,000

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1110-001-0779—For support of Board of Vocational Nurse and Psychiatric Technician Examiners, payable from the Vocational Nursing and Psychiatric Technicians Fund..... 6,404,000

Schedule:

- (1) 91.02.020-Distributed Vocational Nurses..... -120,000

(2) 91.10.010-Vocational Nurses Program.....	6,876,000	
(3) Reimbursements.....	-352,000	
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-001-0780—For support of Board of Vocational Nurse and Psychiatric Technician Examiners, payable from the Psychiatric Technician Examiners Account, Vocational Nursing and Psychiatric Technicians Fund.....		1,622,000
Schedule:		
(1) 91.20-Psychiatric Technician Program.....	1,644,000	
(2) Reimbursements.....	-22,000	
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-001-3017—For support of California Board of Occupational Therapy, payable from the Occupational Therapy Fund.....		1,004,000
Schedule:		
(1) 67-California Board of Occupational Therapy.....	1,026,000	
(2) Reimbursements.....	-22,000	
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-001-3085—For support of Board of Behavioral Science, for payment to Item 1110-001-0773, payable from the Mental Health Services Fund.....		105,000
1110-002-9250—For support of State Athletic Commission, for payment to Item 1110-001-0326, payable from the Boxer’s Pension Fund.....		98,000
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1110-490—Reappropriation, Medical Board of California. Notwithstanding any other provision of law, the		

balance of the appropriation provided for in the following citation is reappropriated for the purpose of completing a peer review study, the deadline for which was extended by Senate Bill 1438 (Chapter 223, Statutes of 2006), and shall be available for encumbrance or expenditure until June 30, 2008:
0758—Contingent Fund of the Medical Board of California

(1) Item 1110-001-0758, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).

1111-002-0166—For support of Arbitration Certification Program, Department of Consumer Affairs, payable from the Consumer Affairs-Certification Account... 1,014,000
Schedule:

(1) 23-Arbitration Certification Program..... 1,014,000

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1111-002-0208—For support of Hearing Aid Dispensers Bureau, Department of Consumer Affairs, payable from the Hearing Aid Dispensers Fund..... 755,000
Schedule:

(1) 24-Hearing Aid Dispensers Bureau..... 764,000

(2) Reimbursements..... -9,000

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1111-002-0239—For support of Bureau of Security and Investigative Services, Department of Consumer Affairs, payable from the Private Security Services Fund..... 10,135,000
Schedule:

(1) 25.10.010-Bureau of Security and Investigative Services, Private Security Services Program..... 10,739,000

(2) 25.02.020-Distributed Private Security Services..... -104,000

(3) Reimbursements..... -500,000

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of

fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1111-002-0305—For support of Bureau for Private Postsecondary and Vocational Education, Department of Consumer Affairs, payable from the Private Postsecondary Education Administration Fund.....		4,413,000
Schedule:		
(1) 27.10.010-Bureau for Private Postsecondary and Vocational Education.....	4,523,000	
(2) 27.02.020-Distributed Private Postsecondary and Vocational Education.....	-110,000	
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
2. These funds shall only be available for expenditure if the proposed legislation to reform the Bureau for Private Postsecondary and Vocational Education's operations and establish the Private Postsecondary Education and Student Protection Act is enacted.		
1111-002-0325—For support of Bureau of Electronic and Appliance Repair, Department of Consumer Affairs, payable from the Electronic and Appliance Repair Fund.....		2,280,000
Schedule:		
(1) 28-Bureau of Electronic and Appliance Repair.....	2,293,000	
(2) Reimbursements.....	-13,000	
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1111-002-0421—For support of Bureau of Automotive Repair, Department of Consumer Affairs, payable from the Vehicle Inspection and Repair Fund.....		106,957,000
Schedule:		
(1) 31.10.016-Automotive Repair and Smog Check Programs.....	107,146,000	
(2) 31.02.090-Distributed Automotive Repair and Smog Check Programs.....	-71,000	
(3) Reimbursements.....	-118,000	

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1111-002-0459—For support of Telephone Medical Advice Services Program, Department of Consumer Affairs, payable from the Telephone Medical Advice Services Fund..... 158,000

Schedule:

- (1) 37-Telephone Medical Advice Services Program..... 158,000

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1111-002-0582—For support of Bureau of Automotive Repair, Department of Consumer Affairs, payable from the High Polluter Repair or Removal Account..... 59,820,000

Schedule:

- (1) 31.20.016-Vehicle Repair Assistance..... 17,034,000
- (2) 31.20.030-Vehicle Retirement..... 30,819,000
- (3) 31.20.040-Program Administration..... 11,967,000

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.
- 2. Notwithstanding Section 26.00, the Department of Finance may authorize transfers among and between Schedules (1) and (2). Any transfer made pursuant to this provision shall be reported in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee within 30 days of the date of the transfer.

1111-002-0702—For support of Department of Consumer Affairs, payable from the Consumer Affairs Fund, Professions and Vocations Fund..... 0

Schedule:

- (1) 35.10.010-Administrative and Information Services Division..... 42,825,000

(2) 35.10.015-Public Affairs.....	1,048,000
(3) 35.10.020-Consumer and Community Relations Division.....	11,186,000
(4) 35.10.025-Division of Investigation.....	8,452,000
(4.5) 35.10.030-DCA Workers' Compensation.....	3,350,000
(5) 35.02.010-Distributed Administrative and Information Services Division.....	-42,352,000
(6) 35.02.015-Distributed Public Affairs.....	-992,000
(7) 35.02.020-Distributed Consumer and Community Relations Division.....	-11,186,000
(8) 35.02.025-Distributed Division of Investigation.....	-8,452,000
(8.5) 35.02.030-Distributed DCA Workers' Compensation.....	-3,350,000
(9) Reimbursements.....	-529,000

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.
2. The Department of Consumer Affairs shall report to the Department of Finance and the Joint Legislative Budget Committee at the conclusion of the project, but no later than September 1, 2010, on the status of the iLicensing project, including implementation by boards and bureaus, funding allocations, preliminary usage information among new and existing licensees, and a workload analysis for the positions established to support this project. The Department of Finance may eliminate any position established in the 2006-07 or 2007-08 State Budget that supports the iLicensing project, if the workload cannot be justified by this report. In addition, in no case may a fee increase be imposed to support this project.
3. In recognition of operational efficiencies resulting from the implementation of the iLicensing information technology project by participating boards, bureaus, and divisions of the Department of Consumer Affairs, a departmentwide budget reduction of \$500,000 (special funds) will be

effectuated in the 2010–11 fiscal year and ongoing fiscal years. However, to the extent that additional resources are needed to protect California consumers, boards, bureaus, and divisions of the department may pursue budget augmentations through the annual budget process.

1111-002-0717—For support of Cemetery and Funeral Bureau, Department of Consumer Affairs, payable from the Cemetery Fund, Professions and Vocations Fund..... 2,231,000

Schedule:

(1) 38.10.005-Cemetery Program..... 2,465,000

(2) 38.02.010-Distributed Cemetery Program..... -115,000

(3) Reimbursements..... -119,000

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1111-002-0750—For support of Cemetery and Funeral Bureau, Department of Consumer Affairs, payable from the State Funeral Directors and Embalmers Fund, Professions and Vocations Fund..... 1,621,000

Schedule:

(1) 38.20-Funeral Directors and Embalmers Program..... 1,633,000

(2) Reimbursements..... -12,000

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1111-002-0752—For support of Bureau of Home Furnishings and Thermal Insulation, Department of Consumer Affairs, payable from the Bureau of Home Furnishings and Thermal Insulation Fund..... 4,548,000

Schedule:

(1) 34-Bureau of Home Furnishings and Thermal Insulation..... 4,553,000

(2) Reimbursements..... -5,000

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

1111-002-0769—For support of Bureau of Security and Investigative Services, Department of Consumer Affairs, payable from the Private Investigator Fund.....	974,000
Schedule:	
(1) 25.20-Private Investigators Program.....	990,000
(2) Reimbursements.....	-16,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0890—For support of Bureau for Private Postsecondary and Vocational Education, Department of Consumer Affairs, payable from the Federal Trust Fund.....	1,476,000
Schedule:	
(1) 27.20-Federal Trust Program.....	1,476,000
Provisions:	
1. Notwithstanding any other provision of law, the Federal Trust Fund Account of the Bureau for Private Postsecondary and Vocational Education may borrow from the Private Postsecondary and Vocational Education Administration Fund an amount not to exceed a cumulative total of \$500,000 for the purpose of meeting cashflow needs for the purposes funded in this item due to delays in collecting federal funds. Any loan made pursuant to this provision shall be made only upon approval of the Department of Finance, and only if the bureau demonstrates and certifies that a sufficient surplus exists in the Private Postsecondary and Vocational Education Administration Fund to support the amount of the loan, and that funds will be available from the federal government to repay the loan. All moneys transferred shall be repaid to the fund as soon as possible, but not later than one year from the date of the loan.	
2. To the extent legislation is not enacted to reform the Bureau for Private Postsecondary and Vocational Education's operations, this Title 38 program will be administered by the Department of Consumer Affairs in support of the federal contract.	

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1111-002-0960—For support of Bureau for Private Postsecondary and Vocational Education, Department of Consumer Affairs, payable from the Student Tuition Recovery Fund.....		433,000
Schedule:		
(1) 27.30-Student Tuition Recovery Program.....	433,000	
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
2. These funds shall only be available for expenditure if the proposed legislation to reform the Bureau for Private Postsecondary and Vocational Education's operations and establish the Private Postsecondary Education and Student Protection Act is enacted.		
1111-002-3069—For support of Bureau of Naturopathic Medicine, Department of Consumer Affairs, payable from the Naturopathic Doctor's Fund.....		148,000
Schedule:		
(1) 39-Bureau of Naturopathic Medicine.....	151,000	
(2) Reimbursements.....	-3,000	
1111-002-3108—For support of Professional Fiduciaries Bureau, Department of Consumer Affairs, payable from the Professional Fiduciary Fund.....		1,113,000
Schedule:		
(1) 89-Professional Fiduciaries Bureau.....	1,113,000	
Provisions:		
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
1111-003-0001—For support of Office of Privacy Protection, Department of Consumer Affairs.....		826,000
Schedule:		
(1) 40-Office of Privacy Protection.....	861,000	
(2) Reimbursements.....	-35,000	
1690-001-0217—For support of Alfred E. Alquist Seismic Safety Commission, payable from the Insurance Fund.....		1,117,000
Schedule:		
(1) 10-Alfred E. Alquist Seismic Safety Commission.....	1,194,000	

(2) Reimbursements.....	-77,000	
1700-001-0001—For support of Department of Fair Employment and Housing.....		18,641,000
Schedule:		
(1) 50-Administration of Civil Rights Law.....	24,370,000	
(2) Amount payable from the Federal Trust Fund (Item 1700-001-0890)....	-5,729,000	
1700-001-0890—For support of Department of Fair Employment and Housing, for payment to Item 1700-001-0001, payable from the Federal Trust Fund.....		5,729,000
1705-001-0001—For support of Fair Employment and Housing Commission.....		1,165,000
Schedule:		
(1) 10-Fair Employment and Housing Commission.....	1,329,000	
(2) Reimbursements.....	-164,000	
1730-001-0001—For support of Franchise Tax Board....		513,992,000
Schedule:		
(1) 10-Tax Programs.....	471,234,000	
(2) 20-Homeowners and Renters Assistance.....	6,321,000	
(3) 30-Political Reform Audit (1,686,000).....	0	
(4) 45-Child Support Automation.....	142,813,000	
(5) 50-DMV Collections.....	7,890,000	
(6) 60-Court Collections.....	12,603,000	
(7) 70-Contract Work.....	13,816,000	
(8) 80.01-Administration.....	24,993,000	
(9) 80.02-Distributed Administration.....	-24,993,000	
(10) Reimbursements.....	-14,814,000	
(11) Reimbursements-Child Support Automation.....	-104,873,000	
(12) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 1730-001-0044)....	-2,741,000	
(13) Amount payable from the Motor Vehicle License Fee Account, Transportation Tax Fund (Item 1730-001-0064).....	-5,149,000	
(14) Amount payable from the Emergency Food Assistance Program Fund (Item 1730-001-0122).....	-6,000	

(15) Amount payable from the Delinquent Tax Collection Fund (Section 19378 of the Revenue and Taxation Code).....	-404,000
(16) Amount payable from the Fish and Game Preservation Fund (Endangered and Rare Fish, Wildlife, and Plant Species Conservation and Enhancement Account) (Item 1730-001-0200).....	-13,000
(17) Amount payable from the Court Collection Account (Item 1730-001-0242).....	-12,603,000
(18) Amount payable from the State Children's Trust Fund (Item 1730-001-0803).....	-11,000
(19) Amount payable from the California Alzheimer's Disease and Related Disorders Research Fund (Item 1730-001-0823).....	-11,000
(20) Amount payable from the California Seniors Special Fund (Item 1730-001-0886).....	-4,000
(21) Amount payable from the California Breast Cancer Research Fund (Item 1730-001-0945).....	-7,000
(22) Amount payable from the California Peace Officer Memorial Foundation Fund (Item 1730-001-0974).....	-5,000
(23) Amount payable from the California Firefighters' Memorial Fund (Item 1730-001-0979).....	-7,000
(24) Amount payable from the California Fund for Senior Citizens (Item 1730-001-0983).....	-7,000
(25) Amount payable from the California Military Family Relief Fund (Item 1730-001-8022).....	-6,000
(26) Amount payable from the California Prostate Cancer Research Fund (Item 1730-001-8025).....	-6,000
(27) Amount payable from the California Sexual Violence Victim Services Fund (Item 1730-001-8035).....	-6,000

(28) Amount payable from the California Colorectal Cancer Prevention Fund (Item 1730-001-8036).....	-6,000
(29) Amount payable from the Veterans' Quality of Life Fund (Item 1730-001-8037).....	-6,000

Provisions:

1. It is the intent of the Legislature that all funds appropriated to the Franchise Tax Board for processing tax returns, auditing, and collecting owed tax amounts shall be used in a manner consistent with both its authorized budget and with the documents that were presented to the Legislature for its review in support of that budget. The Franchise Tax Board shall not reduce expenditures or redirect either funding or personnel resources away from direct auditing or collection activities without prior approval of the Director of Finance. The director shall not approve any such reduction or redirection sooner than 30 days after providing notification to the Joint Legislative Budget Committee. No such position may be transferred from the organizational unit to which it was assigned in the 2007-08 Governor's Budget and the Salaries and Wages Supplement as revised by legislative actions without the approval of the Department of Finance. Furthermore, the board shall expeditiously fill budgeted positions consistent with the funding provided in this act.
2. It is the intent of the Legislature that the Franchise Tax Board resolve tax controversies, without litigation, on a basis that is fair to both the state and the taxpayer and in a manner that will enhance voluntary compliance and public confidence in the integrity and efficiency of the board.
3. During the 2007-08 fiscal year, the collection cost recovery fee for purposes of subparagraph (A) of paragraph (1) of subdivision (a) of Section 19254 of the Revenue and Taxation Code shall be \$155, and the filing enforcement cost recovery fee for purposes of subparagraph (A) of paragraph (2) of that subdivision shall be \$122.
4. During the 2007-08 fiscal year, the collection cost recovery fee for purposes of subparagraph (B) of paragraph (1) of subdivision (a) of Section

- 19254 of the Revenue and Taxation Code shall be \$234, and the filing enforcement cost recovery fee for purposes of subparagraph (B) of paragraph (2) of that subdivision shall be \$305.
5. Of the amounts appropriated in this item, the amounts provided in Schedule (4) and Schedule (11), Reimbursements—Child Support Automation, are, pursuant to Section 5 of Chapter 479 of the Statutes of 1999, available for the 2007–08 and 2008–09 fiscal years.
 6. It is the intent of the Legislature that the California Child Support Automation System project shall receive the highest commitment and priority of all of the state’s child support automation activities.
 7. The Legislature intends that the California Child Support Automation System project shall support all child support collections activities in compliance with federal certification requirements.
 8. Notwithstanding any other provision of law, upon request of the Franchise Tax Board, the Department of Finance may transfer any amounts not fully expended in Schedule (4)—Child Support Automation, to the Department of Child Support Services to provide for unanticipated costs associated with the California Child Support Automation System project. This provision may become effective no sooner than 30 days after providing notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.
 10. Of the amount appropriated in this item, \$250,000 is for the Franchise Tax Board, working with the State Board of Equalization and the Employment Development Department through the Federal/State Partnership, to contract for a technology consultant to explore existing technology solutions to increase data sharing efforts and promote compliance. The consultant’s work shall emphasize Technology Identification and Development of a Collaborative Strategy, as

described in the memorandum of April 27, 2007, from the Federal/State Partnership to the Legislative Analyst's Office. The Franchise Tax Board, through the Federal/State Partnership, shall report to the Legislature by March 15, 2008, on the status of the consultant contract and work product, and shall provide an update of the list of Future Data Sharing Efforts that was provided with the memorandum of April 27, 2007.

1730-001-0044—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Motor Vehicle Account, State Transportation Fund.....	2,741,000
1730-001-0064—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Motor Vehicle License Fee Account, Transportation Tax Fund.....	5,149,000
1730-001-0122—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Emergency Food Assistance Program Fund.....	6,000
1730-001-0200—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Fish and Game Preservation Fund (Rare Fish, Wildlife, and Plant Species Conservation and Enhancement Account).....	13,000
1730-001-0242—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Court Collection Account.....	12,603,000
1730-001-0803—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the State Children's Trust Fund.....	11,000
1730-001-0823—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Alzheimer's Disease and Related Disorders Research Fund.....	11,000
1730-001-0886—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Seniors Special Fund.....	4,000
1730-001-0945—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Breast Cancer Research Fund.....	7,000
1730-001-0974—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Peace Officer Memorial Foundation Fund.....	5,000

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1730-001-0979—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Firefighters’ Memorial Fund..... 7,000

1730-001-0983—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Fund for Senior Citizens..... 7,000

1730-001-8022—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Military Family Relief Fund..... 6,000

1730-001-8025—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Prostate Cancer Research Fund..... 6,000

1730-001-8035—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Sexual Violence Victim Services Fund..... 6,000

1730-001-8036—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Colorectal Cancer Prevention Fund... 6,000

1730-001-8037—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Veterans’ Quality of Life Fund..... 6,000

1730-002-0001—For support of Franchise Tax Board, for rental payments on lease-revenue bonds..... 3,114,000

Schedule:

(1) Central Office—Buildings 1 and 2 3,085,000

(2) Insurance..... 29,000

Provisions:

- 1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

1760-001-0001—For support of Department of General Services, for payment to Item 1760-001-0666..... 10,894,000

Provisions:

- 1. The amount appropriated in this item is for State Capitol repairs.

1760-001-0002—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Property Acquisition Law Money Account.....	4,674,000
Provisions:	
1. Of the amount appropriated in this item, \$3,037,000 is a loan from the General Fund, provided for the purposes of supporting the management of the state’s real property assets.	
2. Repayment of loans provided for the purposes of supporting the management of the state’s real property assets shall be repaid within 60 days of the close of escrow from the sale of surplus property, pursuant to Section 11011 of the Government Code.	
3. To the extent that the annual surplus property listing enacted in separate legislation changes the workload related to the management of the state’s real property assets, the Director of Finance may adjust the amount of the General Fund loan and the total amount appropriated in this item not sooner than 30 days after notifying the Joint Legislative Budget Committee.	
4. Notwithstanding any other provision of law, 2007–08 revenues from Third Party Cogeneration Projects previously shared between state agencies and the Energy Resources Fund shall be deposited in the state General Fund.	
1760-001-0003—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Motor Vehicle Parking Facilities Moneys Account.....	2,238,000
1760-001-0022—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the State Emergency Telephone Number Account.....	2,308,000
1760-001-0026—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the State Motor Vehicle Insurance Account.....	5,534,000
Provisions:	
1. Notwithstanding any other provision of law, Section 16379 of the Government Code shall govern the payment of claims for the purposes of this item.	

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1760-001-0367—For support of Department of General Services, for payment to Item 1760-002-0666, payable from the Indian Gaming Special Distribution Fund.....		50,000
1760-001-0450—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Seismic Gas Valve Certification Fee Account.....		75,000
1760-001-0465—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Energy Resources Programs Account.....		1,549,000
1760-001-0602—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Architecture Revolving Fund.....		41,283,000
1760-001-0666—For support of Department of General Services, payable from the Service Revolving Fund.....		718,655,000
Schedule:		
(1) Program support.....	978,545,000	
(2) Distributed services.....	-11,145,000	
(3) Reimbursements—Lease revenue....	-129,000	
(5) Amount payable from the General Fund (Item 1760-001-0001).....	-10,894,000	
(6) Amount payable from the General Fund (Item 1760-002-0001).....	-338,000	
(7) Amount payable from the Property Acquisition Law Money Account (Item 1760-001-0002).....	-4,674,000	
(8) Amount payable from the Motor Vehicle Parking Facilities Moneys Account (Item 1760-001-0003).....	-2,238,000	
(9) Amount payable from the State Emergency Telephone Number Account (Item 1760-001-0022).....	-2,308,000	
(10) Amount payable from the State Motor Vehicle Insurance Account (Item 1760-001-0026).....	-5,534,000	
(11) Amount payable from the Indian Gaming Special Distribution Fund (Item 1760-001-0367).....	-50,000	
(12) Amount payable from the Seismic Gas Valve Certification Fee Account (Item 1760-001-0450).....	-75,000	
(13) Amount payable from the Energy Resources Programs Account (Item 1760-001-0465).....	-1,549,000	

(14) Amount payable from the Architecture Revolving Fund (Item 1760-001-0602).....	-41,283,000
(15) Amount payable from the State School Building Aid Fund (Item 1760-001-0739).....	-289,000
(16) Amount payable from the State School Deferred Maintenance Fund (Item 1760-001-0961).....	-153,000
(17) Amount payable from the 2004 State School Facilities Fund (Item 1760-001-6044).....	-12,525,000
(18) Amount payable from the 2006 State School Facilities Fund (Item 1760-001-6057).....	-575,000
(19) Amount payable from the Motor Vehicle Parking Facilities Moneys Account (Item 1760-002-0003)....	-1,094,000
(20) Amount payable from the Service Revolving Fund (Item 1760-002-0666).....	-150,619,000
(21) Amount payable from the Service Revolving Fund (Item 1760-003-0666).....	-14,418,000

Provisions:

1. Notwithstanding any other provision of law, revenues from the sale of legislative bills and publications received by the Legislative Bill Room shall be deposited in the Service Revolving Fund.
2. Notwithstanding any other provision of law, if the Director of General Services determines in writing that there is insufficient cash in a special fund under his or her authority to make one or more payments currently due and payable, he or she may order the transfer of moneys to that special fund in the amount necessary to make payment or payments, as a loan from the Service Revolving Fund. That loan shall be subject to all of the following conditions:
 - (a) No loan shall be made that would interfere with the carrying out of the object for which the Service Revolving Fund was created.
 - (b) The loan shall be repaid as soon as there are sufficient moneys in the recipient fund to repay the amount loaned, but no later than 18 months after the date of the loan. The

amount loaned shall not exceed the amount that the fund or program is authorized at the time of the loan to expend during the 2007–08 fiscal year from the recipient fund except as otherwise provided in Provisions 4, 5, and 6.

- (c) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards.
- 3. The Director of General Services may augment this item or any of Items 1760-001-0002, 1760-001-0003, 1760-001-0026, and 1760-001-0602, by up to an aggregate of 10 percent in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the Department of General Services (DGS) and the corresponding expenditure authority has not been provided in this item or (b) a local government entity or the federal government has requested services from the DGS. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process. If the Director of General Services augments this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602, the DGS shall notify the Department of Finance within 30 days after that augmentation is made as to the amount, justification, and the program augmented. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services or the purchase of goods without the prior written consent of the Department of Finance. The Director of General Services shall not use this provision to augment this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 for costs that the Department of General Services had knowledge of in time to include in the May Revision.
- 4. If this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 is augmented pursuant to Provision 3 by the maximum allowed under that provision, the Director of Finance may further augment the item or

items in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the Department of General Services (DGS) and the corresponding expenditure authority has not been provided in these items, or (b) a local government entity or the federal government has requested services from the DGS. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process. The Director of Finance shall not use this provision to augment this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 for costs that the Departments of Finance or General Services had knowledge of in time to include in the May Revision.

5. The Director of General Services may augment this item and Items 1760-001-0026 and 1760-001-0003 to increase authorized expenditures by the Office of State Publishing, the Office of Risk and Insurance Management, the Office of Fleet Administration, the Office of Energy Management, and the Office of Public Safety Radio Services. The augmentation shall be for the specific purpose of enabling the Office of State Publishing, the Office of Risk and Insurance Management, the Office of Fleet Administration, the Energy Services Program, and the Office of Public Safety Radio Services to provide competitive services to their customers (including local government entities or the federal government) and may be made only if the office has sufficient operating reserves available to fund the augmentation. If the Director of General Services proposes to augment either of the items in this provision, the director shall notify the Department of Finance, the chairpersons of the fiscal committees of each house of the Legislature, and the Chairperson of the Joint Legislative Budget Committee 30 days prior to making the augmentation, including the amount, justification, and the office augmented. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process.

6. Any augmentation made pursuant to Provisions 3 and 4 shall be reported in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee within 30 days of the date the augmentation is approved. This notification shall be provided in a format consistent with normal budget change requests, including identification of the amount of, and justification for, the augmentation, and the program that has been augmented. Copies of the notification shall be provided to the Department of Finance.
7. Notwithstanding any other provision of law, the Director of General Services or his or her designee, in lieu of the Director of Finance, is authorized to approve Budget Revision, Standard Form 26, subject to a copy being provided to the Department of Finance.
8. Notwithstanding any other provision of law, due to the inability to issue energy efficiency revenue bonds pursuant to Chapter 2.7 (commencing with Section 15814.10) of Part 10b of Division 3 of Title 2 of the Government Code, in order to repay the General Fund for the cost of completing energy efficiency projects on specified buildings, the Department of General Services shall, within 10 fiscal years, recover an amount sufficient to repay the costs associated with completed energy efficiency projects plus 5 percent interest, through utility rates charged to tenants. On August 1 of each fiscal year beginning with the 2005–06 fiscal year, the Department of General Services shall transfer that amount to the General Fund. Once the General Fund has been fully repaid, the Department of General Services shall adjust utility rates for all tenants to accurately reflect the current rates.
9. The Director of Finance is authorized to increase this item for purposes of funding tenant improvement projects to facilitate the backfill of vacant space within stand-alone Department of General Services (DGS) bond funded office buildings. This provision shall only be used to augment expenditure authority for DGS stand-alone individual rate office buildings where a \$0.03 tenant improvement surcharge has been approved by

the Department of Finance and is included in the monthly rental rate. Department of Finance approval is contingent upon justification for the proposed tenant improvement projects to be provided by the DGS including an analysis of cost impacts and how the tenant improvements will improve the state's utilization of the facility. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services without the prior written consent of the Department of Finance. Any augmentation made pursuant to this provision may be authorized not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

- 10. The Department of General Services shall provide an implementation progress report to the Department of Finance and the appropriate fiscal committees of the Legislature on April 1, 2009, and on April 1, 2010, to provide the status of the following areas: (a) progress on meeting statewide fleet utilization targets, (b) disposal of vehicles not meeting minimum utilization standards, (c) trend of statewide fleet size, (d) trend of statewide fleet average fuel efficiency, (e) timeframes associated with producing standard and ad hoc reports, and (f) savings and cost avoidances achieved to date and potential for additional savings and cost avoidances.

1760-001-0739—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the State School Building Aid Fund....	289,000
1760-001-0961—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the State School Deferred Maintenance Fund.....	153,000
1760-001-6044—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the 2004 State School Facilities Fund.....	12,525,000
1760-001-6057—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the 2006 State School Facilities Fund.....	575,000

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Amount

1760-002-0001—For support of Department of General Services, for payment to Item 1760-001-0666..... 338,000

1760-002-0003—For support of Department of General Services, for rental payments on lease-revenue bonds, for payment to Item 1760-001-0666, payable from the Motor Vehicle Parking Facilities Moneys Account..... 1,094,000

Provisions:

1. The funds appropriated in this item are for the following:

- (a) Base Rental and Fees..... 1,088,000
- (b) Insurance..... 6,000

2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.

3. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

1760-002-0666—For support of Department of General Services, for rental payments on lease-revenue bonds, for payment to Item 1760-001-0666, payable from the Service Revolving Fund..... 150,619,000

Provisions:

1. The funds appropriated in this item are for the following:

- (a) Base Rental and Fees..... 149,944,000

- (1) Capitol Area Development Authority, Sacramento..... 691,000

- (2) State Office Building, Riverside..... 2,102,000

- (3) Department of Justice Building, Sacramento..... 4,727,000

- (4) San Francisco Civic Center Building..... 23,743,000

- (5) Ronald Reagan Building, Los Angeles..... 18,039,000
 - (6) Elihu M. Harris Building, Oakland..... 10,730,000
 - (7) LA Junipero Serra II..... 4,767,000
 - (8) State Office Building, San Diego (Suburban)..... 2,882,000
 - (9) Capitol East End Garage..... 968,000
 - (10) Stephen P. Teale Data Center..... 3,492,000
 - (11) Capitol Area East End Complex..... 32,739,000
 - (12) Butterfield Warehouse Plant..... 2,498,000
 - (13) Food and Agriculture..... 1,344,000
 - (14) Butterfield Office Building..... 16,142,000
 - (15) Caltrans San Diego Office Building..... 5,790,000
 - (16) Board of Equalization Building Acquisition..... 6,410,000
 - (17) Office Building #10..... 553,000
 - (18) State Archives..... 12,327,000
 - (b) Insurance..... 804,000
 - (c) Reimbursements..... -129,000
2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board monthly or as otherwise needed to ensure debt requirements are met.

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Item

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[Ch. 171]
Amount

3.	This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
1760-003-0666	—For support of Department of General Services, for rental payments on California Environmental Protection Agency building, for payment to Item 1760-001-0666, payable from the Service Revolving Fund.....	14,418,000
	Provisions:	
1.	The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
2.	This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
1760-101-0022	—For local assistance, Department of General Services, for reimbursement of local agencies and service suppliers or communications equipment companies for costs incurred pursuant to Sections 41137, 41137.1, 41138, and 41140 of the Revenue and Taxation Code, payable from the State Emergency Telephone Number Account.....	152,270,000
	Schedule:	
(1)	911 Emergency Telephone Number System.....	104,523,000
(2)	Enhanced Wireless Services.....	47,747,000
1760-301-0001	—For capital outlay, Department of General Services.....	0
	Schedule:	
(1)	50.10.250-Sacramento Public Safety Communications Decentralization, Resources—Acquisition.....	144,000
(2)	Reimbursements.....	-144,000
	Provisions:	
1.	Notwithstanding any other provision of law, the funds appropriated in this item shall be reimbursed from the Department of Water Resources.	
1760-301-0042	—For capital outlay, Department of General Services, payable from the State Highway Account, State Transportation Fund.....	836,000

Schedule:

(1) 50.10.250-Sacramento Public Safety Communications Decentralization, Resources—Acquisition.....	836,000	
1760-301-0044—For capital outlay, Department of General Services, payable from the Motor Vehicle Account, State Transportation Fund.....		2,115,000

Schedule:

(1) 50.10.250-Sacramento Public Safety Communications Decentralization, Resources—Acquisition.....	2,115,000	
1760-301-0200—For capital outlay, Department of General Services, payable from the Fish and Game Preservation Fund.....		188,000

Schedule:

(1) 50.10.250-Sacramento Public Safety Communications Decentralization, Resources—Acquisition.....	188,000	
1760-301-0660—For capital outlay, Department of General Services, payable from the Public Buildings Construction Fund.....		82,734,000

Schedule:

(1) 50.10.200-Central Plant Renovation—Construction.....	82,734,000	
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Provisions:

1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the projects authorized by this item.
2. The State Public Works Board and the Department of General Services may obtain interim financing for the project costs authorized in this item from any appropriate source, including, but not limited to, the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.
3. The State Public Works Board may authorize the augmentation of the cost of construction of the project scheduled in this item pursuant to the board's authority under Section 13332.11 of the Government Code. In addition, the board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing, including the payment of interest during construction of the pro-

ject, the costs of financing a debt service fund, and the cost of issuance of permanent financing for the project. This additional amount may include interest payable on any interim financing obtained.

4. The Department of General Services is authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
5. The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This provision does not exempt this department from the requirements of the California Environmental Quality Act. This provision is intended to be declarative of existing law.
6. Notwithstanding Section 1.80, the funds appropriated in Schedule (1) shall be available for expenditure until June 30, 2010.
7. The Department of General Services may contract for the lease, lease-purchase, lease with an option to purchase, acquisition, design, design-build, construction, construction management, and other services related to the design and construction of the Central Plant Renovation Project, Schedule (1). If the Director of General Services selects design-build as the method of delivery, the department shall use the method of design-build authorized by clause (i) of subparagraph (B) of paragraph (3) of subdivision (c) of Section 14661 of the Government Code.
8. The Department of Finance shall provide written notification to the Joint Legislative Budget Committee, within 10 days of receipt, of any request for augmentation of project costs, change in project scope, or any related change in project schedule, for projects identified in Schedule (1).
9. After execution of a design-build contract, any funds provided in this item for design-build contracts in excess of the executed amount of

the contract shall be immediately reverted and shall no longer be available for expenditure.

1760-301-0768—For capital outlay, Department of General Services, payable from the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990.....	8,953,000
Schedule:	
(1) 50.10.250-Sacramento Public Safety Communications Decentralization, Resources—Acquisition.....	1,546,000
(2) 50.99.040-Department of Corrections and Rehabilitation, Sierra Conservation Center, James- town: Buildings E and F, Structural Retrofit—Working drawings.....	168,000
(2.5) 50.99.091-California Department of Corrections and Rehabilitation, DVI, Tracy, Hospital Building: Structural Retrofit—Construction.....	1,160,000
(3) 50.99.409-Department of Corrections and Rehabilitation, California Medical Facility, Vacaville: Inmate Housing Wings U, V, and T, Structural Retrofit—Working drawings.....	688,000
(4) 50.99.418-Department of Corrections and Rehabilitation, California Correctional Center, Susanville: Vocational Building F, Structural Retrofit—Working drawings.....	331,000
(5) 50.99.421-Department of Corrections and Rehabilitation, California Institution for Women at Frontera, Corona: Walker Clinic, Structural Retrofit—Working drawings.....	255,000
(6) 50.99.422-State Department of Mental Health, Metro State Hospital, Norwalk: Wards 206 and 208, Structural Retrofit—Working drawings.....	363,000
(7) 50.99.423-Department of Corrections and Rehabilitation, California Correctional Institution, Tehachapi: Building H, Chapels Facility, Structural Retrofit—Working drawings.....	200,000

- (8) 50.99.426-State Department of Mental Health, Patton State Hospital: Renovate H and J Buildings—Preliminary plans and working drawings..... 3,998,000
- (9) 50.99.427-Department of Corrections and Rehabilitation, California Institution for Women at Frontera, Corona: Infirmary, Structural Retrofit—Working drawings..... 244,000
- 1760-401—Notwithstanding Provision 1 of Item 1760-011-0666 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), the \$1,772,000 loan authorized shall be fully repaid to the Service Revolving Fund as soon as there are sufficient moneys in the Motor Vehicle Parking Facilities Moneys Account, but no later than June 30, 2013.
- 1760-490—Reappropriation, Department of General Services. The balance of the appropriations provided for in the following citations is reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided in the appropriations and shall be available for encumbrance or expenditure until June 30, 2010:
0660—Public Buildings Construction Fund
 - (1) Item 1760-301-0660, Budget Act of 2003, as reappropriated by Item 1760-490, Budget Act of 2005
 - (1) 50.10.220—Central Plant Renovation—Construction
- 1760-491—Reappropriation, Department of General Services. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations is extended to June 30, 2008:
0660—Public Buildings Construction Fund
 - (1) Item 1760-301-0660, Budget Act of 2002
 - (1) 50.10.140—Food and Agriculture Building Renovation, 1220 N Street, Sacramento—Construction

1760-492—Reappropriation, Department of General Services. As of June 30, 2007, the balance of the funds appropriated in Item 1760-101-0768, Budget Act of 1994 (Ch. 139, Stats. 1994), as reappropriated by Item 1760-492, Budget Acts of 2003 (Ch. 157, Stats. 2003), 2004 (Ch. 208, Stats. 2004), and 2005 (Chs. 38 and 39, Stats. 2005), is reappropriated and shall be available for encumbrance or expenditure until June 30, 2008:

Schedule:

- (1) 3116-Richmond, Contra Costa—City Hall..... 1,149,975
- (2) 3117-Richmond, Contra Costa—Hall of Justice..... 683,613

Provisions:

- 1. After June 30, 2008, these funds shall no longer be available for encumbrance or expenditure and shall not be reappropriated.

1870-001-0001—For support of California Victim Compensation and Government Claims Board.....

0

Schedule:

- (1) 11-Citizens Indemnification..... 70,090,000
- (2) 12-Quality Assurance and Revenue Recovery Division..... 9,489,000
- (3) 31-Civil Claims Against the State.... 1,318,000
- (4) 41-Citizens Benefiting the Public.... 20,000
- (5) 51.01-Administration..... 9,197,000
- (6) 51.02-Distributed Administration Executive Office..... -9,704,000
- (7) 51.03-Executive Office Administration..... 507,000
- (8) Reimbursements..... -1,318,000
- (9) Amount payable from the Restitution Fund (Item 1870-001-0214).... -47,392,000
- (10) Amount payable from the Federal Trust Fund (Item 1870-001-0890)..... -32,187,000
- (11) Amount payable from the Restitution Fund (Item 1870-002-0214).... -20,000

Provisions:

- 1. The California Victim Compensation and Government Claims Board shall not routinely notify all local agencies and school districts regarding its proceedings. However, for each of its meetings, the board shall notify all parties whose claims or proposals are scheduled for considera-

tion and any party requesting notice of the proceedings.

1870-001-0214—For support of California Victim Compensation and Government Claims Board, for support services pursuant to Chapter 5 (commencing with Section 13950) of Part 4 of Division 3 of Title 2 of the Government Code, for payment to Item 1870-001-0001, payable from the Restitution Fund....	47,392,000
1870-001-0890—For support of California Victim Compensation and Government Claims Board, for payment to Item 1870-001-0001, payable from the Federal Trust Fund.....	32,187,000
1870-002-0214—For support of California Victim Compensation and Government Claims Board, for support services pursuant to subdivision (e) of Section 13973 of the Government Code, for payment to Item 1870-001-0001, payable from the Restitution Fund.....	20,000
1870-011-0214—For transfer by the Controller from the Restitution Fund to the Equality in Prevention and Services for Domestic Abuse Fund.....	(300,000)
1880-001-0001—For support of State Personnel Board....	5,530,000

Schedule:

- (1) 10-Merit System Administration.... 17,864,000
- (2) 40-Local Government Services..... 2,907,000
- (3) 50.01-Administration Services..... 3,874,000
- (4) 50.02-Distributed Administration Services..... -1,983,000
- (5) Reimbursements..... -17,132,000

Provisions:

1. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund, in an amount not to exceed 35 percent of reimbursements appropriated in this item to the State Personnel Board, provided that:
 - (a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for services provided.
 - (b) The loan is for a short term and shall be repaid by September 30, 2008.
 - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of

the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time that the chairperson of the joint committee or his or her designee may determine.

1900-001-0822—For support of the Board of Administration of the Public Employees’ Retirement System, payable from the Public Employees’ Health Care Fund..... (16,248,000)

Provisions:

1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees’ Retirement System (PERS), in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of the Legislature, all of the following:
 - (a) No later than May 15, 2008, a copy of the proposed budget for PERS for the 2008–09 fiscal year as approved by the board of administration.
 - (b) The revisions to the proposed budget for PERS for the 2007–08 fiscal year, as recommended by the PERS Finance Committee, at least 30 days prior to the consideration of those revisions by the board of administration.
 - (c) Commencing October 1, 2007, all expenditures and performance workload data provided to the board of administration, as updated on a quarterly basis. This quarterly update information is to be submitted to the Joint Legislative Budget Committee and fiscal committees of the Legislature, and shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of Public Employees’ Retirement System expenditures.
2. The Legislature finds and declares that the Public Employees’ Retirement System is accountable to members, governmental entities, and taxpayers with respect to the annual health premium increases that its board of administration

adopts. The board is encouraged to use the means at its disposal under law, consistent with requirements to provide benefits to public employees and others, to achieve low annual premium increases. To facilitate legislative oversight, the board shall submit an annual report within 100 days of its adoption of annual health premium increases or decreases that describes the methods it employed to moderate annual increases in premiums when taking that action. In years when the board adopts health premium increases in excess of those assumed in the most recent state retiree health program actuarial valuation, the report shall include a discussion of actions that the board plans to take, if any, to attempt to reduce the rate of annual premium growth to levels below those assumed in this valuation for the next three years. This reporting requirement applies to the board's action in 2007 to adopt premium rates for 2008 and all board actions to increase or decrease annual health premiums adopted thereafter. This reporting requirement does not obligate the board to adopt any specific level of premium for any given year or to change any action it otherwise determines is necessary under state law. The board may state in the report that it is unable to commit to specific actions to reduce the rate of health premium growth or does not know if future reductions in the rate of health premium growth can be achieved. The system is requested to complete these reports with existing budgetary and staffing resources. The report shall be submitted to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the committees and subcommittees in each house of the Legislature that consider the system's budget and activities, the Controller, the Director of Finance, and the Legislative Analyst.

1900-001-0950—For support of Board of Administration of the Public Employees' Retirement System, payable from the Public Employees' Contingency Reserve Fund..... 26,519,000

Provisions:

1. The appropriation made in this item is for support of the Board of Administration of the Public

- Employees' Retirement System pursuant to Section 22910 of the Government Code.
2. In addition to the purpose specified in Provision 1, funds appropriated in this item shall be used by the Public Employees' Retirement System to process Medicare Part D eligibility files, reconciliation files, and subsidy requests. The system may use funds of the Account for Retiree Drug Subsidy Payments in the Contingency Reserve Fund to fund a portion of these eligible costs, provided that this account supports only the portion of eligible expenses attributable to Medicare Part D retiree drug subsidy work related to state government and California State University members of the system. The Public Employees' Retirement System shall continue to apply directly for the maximum possible amount of Medicare Part D retiree drug subsidies in 2007 and 2008.
 3. Notwithstanding the requirements of Provision 2, the Public Employees' Retirement System may choose not to apply for subsidies related to plans for which it is not eligible to act as the sponsor and receive Part D subsidies related to their enrollees or with respect to persons enrolled in a board-approved Medicare Advantage prescription drug health benefit plan, consistent with actions of the Public Employees' Retirement System for the 2007 calendar year . If the Public Employees' Retirement System chooses not to apply for subsidies pursuant to this provision, the system shall notify the Department of Finance, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the budget, the Chairperson of the Joint Legislative Budget Committee, and the Legislative Analyst's Office, and the system shall explain the facts and circumstances underlying that choice.
 4. Notwithstanding the requirements of Provisions 2 and 3, the Public Employees' Retirement System may choose not to apply in the 2008 calendar year for subsidies related to one or more employee association health benefit plans upon the system's certification to the Department of Finance that the estimated state share of Medicare Part D retiree drug subsidy funds for those

plans for the 2006 calendar year did not exceed \$500,000 on a combined basis.

1900-003-0830—For support of Board of Administration of the Public Employees’ Retirement System, payable from the Public Employees’ Retirement Fund..... (555,635,000)

Provisions:

1. The amount displayed in this item is based on the estimate by the Public Employees’ Retirement System of expenditures for external investment advisers and other investment-related expenses to be made during the 2007–08 fiscal year pursuant to Sections 20172, 20208, and 20210 of the Government Code. The Board of Administration of the Public Employees’ Retirement System shall report to the fiscal committees of the Legislature and the Joint Legislative Budget Committee on or before January 10, 2008, regarding any revision of this estimate, including an accounting and explanation of changes, and the amount of, and basis for, investment adviser expenditures proposed for the 2008–09 fiscal year. The Board of Administration of the Public Employees’ Retirement System shall report on or before January 10, 2009, on the final expenditures under this item, including an accounting and explanation of changes from estimates previously reported to the Legislature.
2. Each of the two reports described in Provision 1 also shall include all of the following:
 - (a) A summary and comparison of the externally managed portfolios, the internally managed portfolios, and the total fund. This information shall include the value of the assets, the gross and net returns, the benchmark returns, and the costs, by dollars and basis points, for these portfolios.
 - (b) A description of the actions the Public Employees’ Retirement System will take to ensure that any future expenditures for outside advisers will result in a greater return on investments, including costs for these advisers, than if in-house advisers were used.
 - (c) Separate listings of adviser contracts in effect, and approved, during the 2006–07 and 2007–08 fiscal years, with (1) amounts (total

contract and annual basis) for each contract for base fees and performance-based fees, and (2) summary statements of the purposes of each contract.

1900-015-0815—For support of Board of Administration of the Public Employees' Retirement System, payable from the Judges' Retirement Fund..... (861,000)

Provisions:

1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System (PERS), in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of each house of the Legislature, all of the following:
 - (a) Not later than May 15, 2008, a copy of the proposed budget for PERS for the 2008–09 fiscal year as approved by the board of administration.
 - (b) The revisions to the proposed budget for PERS for the 2007–08 fiscal year, as recommended by the PERS Finance Committee, at least 30 days prior to the consideration of those revisions by the board of administration.
 - (c) Commencing October 1, 2007, all expenditure and performance workload data provided to the board of administration, as updated on a quarterly basis. This quarterly update information is to be submitted to the Joint Legislative Budget Committee and the fiscal committees of each house of the Legislature, and shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of Public Employees' Retirement System expenditures.

1900-015-0820—For support of Board of Administration of the Public Employees' Retirement System, payable from the Legislators' Retirement Fund..... (411,000)

Provisions:

1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System, in accordance with all applicable provisions of the California Constitu-

tion, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of each house of the Legislature all of the following:

- (a) Not later than May 15, 2008, a copy of the proposed budget for the Public Employees' Retirement System for the 2008–09 fiscal year as approved by the board of administration.
- (b) The revisions to the proposed budget for the Public Employees' Retirement System for the 2007–08 fiscal year, as recommended by the Public Employees' Retirement System Finance Committee, at least 30 days prior to consideration of those revisions by the board of administration.
- (c) Commencing October 1, 2007, all expenditure and performance workload data provided to the board of administration, as updated on a quarterly basis. This quarterly update information shall be submitted to the Joint Legislative Budget Committee and the fiscal committees of each house of the Legislature in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of the expenditures of the Public Employees' Retirement System.

1900-015-0830—For support of Board of Administration of the Public Employees' Retirement System, payable from the Public Employees' Retirement Fund..... (264,501,000)

Provisions:

- 1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System, in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of the Legislature, all of the following:
 - (a) No later than May 15, 2008, a copy of the proposed budget for the Public Employees' Retirement System for the 2008–09 fiscal year as approved by the board of administration.
 - (b) The revisions to the proposed budget for the Public Employees' Retirement System for

the 2007–08 fiscal year, as recommended by the Public Employees’ Retirement System Finance Committee, at least 30 days prior to consideration of those revisions by the board of administration.

- (c) Commencing October 1, 2007, all expenditure and performance workload data provided to the board of administration, as updated on a quarterly basis. This quarterly update information shall be submitted to the Joint Legislative Budget Committee and the fiscal committees of the Legislature in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of the expenditures of the Public Employees’ Retirement System.

- 2. Commencing July 1, 2007, reports on information technology projects that are submitted to the Board of Administration of the Public Employees’ Retirement System shall be submitted to the Joint Legislative Budget Committee, the fiscal committees of the Legislature, and the Department of Finance on an informational basis. The quarterly update information submitted to the Department of Finance shall be in sufficient detail to be useful for Department of Finance informational project status reporting purposes.

1900-015-0833—For support of Board of Administration of the Public Employees’ Retirement System, payable from the Annuitants’ Health Care Coverage Fund..... (285,000)

Provisions:

- 1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees’ Retirement System (PERS), in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of each house of the Legislature, all of the following:
 - (a) No later than May 15, 2008, a copy of the proposed budget for PERS for the 2008–09 fiscal year as approved by the board of administration.

- (b) The revisions to the proposed budget for PERS for the 2007–08 fiscal year, as recommended by the PERS Finance Committee, at least 30 days prior to consideration of those revisions by the board of administration.
- (c) Commencing October 1, 2007, all expenditure and performance workload data provided to the board of administration, as updated on a quarterly basis. This quarterly update information is to be submitted to the Joint Legislative Budget Committee and the fiscal committees of each house of the Legislature, and shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of the PERS expenditures.

1900-015-0884—For support of Board of Administration of the Public Employees’ Retirement System, payable from the Judges’ Retirement System II Fund..... (579,000)
Provisions:

- 1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees’ Retirement System (PERS), in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of the Legislature, all of the following:
 - (a) No later than May 15, 2008, a copy of the proposed budget for PERS for the 2008–09 fiscal year as approved by the board of administration.
 - (b) The revisions to the proposed budget for PERS for the 2007–08 fiscal year, as recommended by the PERS Finance Committee, at least 30 days prior to the consideration of those revisions by the board of administration.
 - (c) Commencing October 1, 2007, all expenditure and performance workload data provided to the board of administration, as updated on a quarterly basis. This quarterly update information is to be submitted to the Joint Legislative Budget Committee and the fiscal committees of the Legislature, and shall be

in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of Public Employees' Retirement System expenditures.

1900-015-0962—For support of Board of Administration of the Public Employees' Retirement System, payable from the Volunteer Firefighter Length of Service Award Fund..... (151,000)

Provisions:

1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System, in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of the Legislature, all of the following:
 - (a) No later than May 15, 2008, a copy of the proposed budget for the Public Employees' Retirement System for the 2008–09 fiscal year as approved by the board of administration.
 - (b) The revisions to the proposed budget for the Public Employees' Retirement System for the 2007–08 fiscal year recommended by the Public Employees' Retirement System Finance Committee, at least 30 days prior to consideration of those revisions by the board of administration.
 - (c) Commencing October 1, 2007, all expenditure and performance workload data provided to the board of administration, updated on a quarterly basis, shall be submitted to the Joint Legislative Budget Committee and the fiscal committees of the Legislature. The quarterly update information submitted to the Legislature shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of the expenditures of the Public Employees' Retirement System.

1900-017-0950—For support of Public Employees' Retirement System, payable from the Public Employees' Contingency Reserve Fund..... 236,000

1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These

funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

1920-001-0835—For support of State Teachers’ Retirement System, payable from the State Teachers’ Retirement Fund..... 134,143,000

Schedule:

- (1) 10-Services to Members and Employers..... 134,545,000
- (2) Reimbursements..... -339,000
- (3) Amount payable from the Supplemental Benefit Maintenance Account in the Teachers’ Retirement Fund pursuant to Section 22954 of the Education Code..... -63,000

Provisions:

- 1. This item shall not be subject to the requirements of subdivision (b), (c), (d), or (e) of Section 31.00. Nothing in this provision shall be construed as exempting this item from requirements of the State Civil Service Act or from requirements of laws, rules, and regulations administered by the Department of Personnel Administration.
- 2. Commencing July 1, 2006, reports on information technology projects that are submitted to the Teachers’ Retirement Board shall be submitted to the Joint Legislative Budget Committee, the fiscal committees of the Legislature, and the Office of the Chief Information Officer on an informational basis. The information submitted to the Office of the Chief Information Officer shall be in sufficient detail to be useful for the Chief Information Officer informational project status reporting purposes.

1920-002-0835—For support of State Teachers’ Retirement System (external investment advisers), payable from the State Teachers’ Retirement Fund..... (104,726,000)

Provisions:

- 1. The amount displayed in this item is for informational purposes only, and is based on the current estimate by the State Teachers’ Retirement System (STRS) of expenditures for external investment advisers to be made during the 2007–08 fiscal year pursuant to Section 22353

of the Education Code. STRS shall report to the fiscal committees of each house of the Legislature and the Joint Legislative Budget Committee no later than January 10, 2008, regarding any revision of this estimate, including an accounting and explanation of the changes, and regarding the amount of, and basis for, investment adviser expenditures proposed for the 2008–09 fiscal year. STRS shall report on or before January 10, 2009, on the final expenditures under this item, including an accounting and explanation of changes from estimates previously reported to the Legislature.

2. Each of the two reports described in Provision 1 also shall include all of the following:
 - (a) A summary and comparison of the externally managed portfolios, the internally managed portfolios, and the total fund. This information shall include the value of the assets, the gross and net returns, the benchmark returns, and the costs by dollars and basis points for these portfolios.
 - (b) A description of the actions the State Teachers' Retirement System will take to ensure that any future expenditures for outside advisers will result in a greater return on investments, including costs for these advisers, than if in-house advisers were used.
 - (c) Separate listings of adviser contracts in effect, and approved, during the 2006–07 and 2007–08 fiscal years, with (1) amounts (total contract and annual basis) for each contract for base fees and performance-based fees and (2) summary statements of the purposes of each contract.

1920-011-0001—For transfer by the Controller to the State Teachers' Retirement Fund..... (1,122,917,000)

Schedule:

- (1) Supplemental Benefit Maintenance Account (SBMA)..... (621,501,000)
- (2) Benefits Funding..... (501,416,000)

Provisions:

1. The estimated amount referenced in Schedule (1) is the state's contribution required by Section 22954 of the Education Code.
2. The estimated amount referenced in Schedule (2) is the state's contribution required by subdi-

visions (a) and (b) of Section 22955 of the Education Code.

1920-490—Reappropriation, State Teachers’ Retirement System (STRS). Up to \$3,476,000 of the balance as of June 30, 2007, of the appropriation identified in the following citation is reappropriated, subject to the limitations set forth in Provision 1, and shall be available for encumbrance or expenditure until June 30, 2008. Any amount of this reappropriation that is not expended in the 2007–08 fiscal year shall be carried over to the 2008–09 fiscal year and is hereby reappropriated. In no event shall the total amounts reappropriated for the 2008–09 Budget exceed 3 percent of the STRS 2007–08 appropriation for Item 1920-001-0835.

0835—Teachers’ Retirement Fund

(1) Item 1920-001-0835, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

Provisions:

1. The funds reappropriated in this item shall be available for expenditure by the State Teachers’ Retirement System for the purposes of meeting unanticipated system costs and promoting better service to the system’s membership. The funds may not be encumbered without advance approval of the State Teachers’ Retirement Board. The board shall report to the Legislature on a quarterly basis throughout the 2007–08 fiscal year on expenditures made pursuant to this item.

1955-001-9730—For support of Department of Technology Services, payable from the Department of Technology Services Revolving Fund..... 259,731,000

Schedule:

(1) 10-Administration of Technology Services..... 259,731,000

Provisions:

1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the Department of Technology Services in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the

joint committee, or his or her designee, may in each instance determine.

- 2. Expenditure authority provided in this item to support data center infrastructure projects may not be utilized for items outside the approved project scope. In addition, the Department of Technology Services shall report to the Office of the Chief Information Officer actual expenditures associated with the projects when purchase agreements have been executed. Changes in project scope must receive approval using the established administrative and legislative reporting requirements.

BUSINESS, TRANSPORTATION AND HOUSING

2100-001-3036—For support of Department of Alcoholic Beverage Control, payable from the Alcohol Beverage Control Fund..... 48,988,000

Schedule:

- (1) 10.10-Licensing..... 27,182,000
- (2) 10.20-Compliance..... 22,853,000
- (3) 10.30.010-Administration..... 4,022,000
- (4) 10.30.020-Distributed Administration..... -4,022,000
- (5) Reimbursements..... -1,047,000

2100-101-3036—For local assistance, Department of Alcoholic Beverage Control, Program 10.20-Compliance, for grants to local law enforcement agencies, payable from the Alcohol Beverage Control Fund.... 3,000,000

Provisions:

- 1. Notwithstanding any other provision of law, the Department of Alcoholic Beverage Control is authorized to grant funds to local law enforcement agencies for the purpose of enhancing enforcement of alcoholic beverage control laws in the local jurisdiction.
- 2. Notwithstanding any other provision of law, at the discretion of the Director of Alcoholic Beverage Control, the department may advance grant funds to local law enforcement agencies.
- 3. Notwithstanding any other provision of law, at the discretion of the Director of Alcoholic Beverage Control, title to any authorized equipment purchased by the local law enforcement agency pursuant to the grant may be vested in the local

law enforcement agency at the conclusion of the grant period.

2100-495—Reversion, Department of Alcoholic Beverage Control. As of June 30, 2007, the amounts specified below of the appropriation provided for in the following citation shall revert to the balance of the fund from which the appropriation was made:	
3036—Alcohol Beverage Control Fund	
(1) Item 2100-001-3036, Budget Act of 2006 (Ch. 47, Stats. 2006)	
(1) 10.10-Licensing.....	792,000
(2) 10.20-Compliance.....	732,000
2120-001-0117—For support of Alcoholic Beverage Control Appeals Board, Program 10, payable from the Alcoholic Beverage Control Appeals Fund.....	1,044,000
2150-001-0240—For support of Department of Financial Institutions, for payment to Item 2150-001-0298, payable from the Local Agency Deposit Security Fund.....	395,000
2150-001-0298—For support of Department of Financial Institutions, payable from the Financial Institutions Fund.....	22,633,000
Schedule:	
(1) 10-Licensing and Supervision of Banks and Trust Companies.....	20,088,000
(2) 20-Special Licensees.....	1,906,000
(3) 40-Administration of Local Agency Security.....	395,000
(4) 50-Supervision of California Business and Industrial Development Corporations.....	32,000
(5) 60-Credit Unions.....	4,705,000
(6) 70-Savings and Loan.....	101,000
(7) 80-Industrial Banks.....	1,106,000
(8) 90.01-Administration.....	5,663,000
(9) 90.02-Distributed Administration....	-5,663,000
(10) Reimbursements.....	-600,000
(11) Amount payable from the Local Agency Deposit Security Fund (Item 2150-001-0240).....	-395,000
(12) Amount payable from the Credit Union Fund (Item 2150-001-0299).....	-4,705,000
2150-001-0299—For support of Department of Financial Institutions, for payment to Item 2150-001-0298, payable from the Credit Union Fund.....	4,705,000

2180-001-0067—For support of Department of Corporations, payable from the State Corporations Fund... 37,668,000

Schedule:

- (1) 10-Investment Program..... 19,978,500
- (2) 20-Lender-Fiduciary Program..... 17,839,500
- (3) 50.01-Administration..... 6,087,000
- (4) 50.02-Distributed Administration.... -6,087,000
- (5) Reimbursements..... -150,000

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

2240-001-0001—For support of Department of Housing and Community Development..... 5,258,000

Schedule:

- (1) 10-Codes and Standards Program.... 29,496,000
- (2) 20-Financial Assistance Program.... 20,777,000
- (3) 30-Housing Policy Development Program..... 2,496,000
- (4) 50.01-Administration..... 10,847,000
- (5) 50.02-Distributed Administration..... -10,842,000
- (6) 50.03-Distributed Administration of the Housing Policy Development Program..... -129,000
- (7) Reimbursements..... -1,087,000
- (8) Amount payable from the Mobile-home Park Revolving Fund (Item 2240-001-0245)..... -6,054,000
- (9) Amount payable from the Mobile-home Park Purchase Fund (Item 2240-001-0530)..... -568,000
- (10) Amount payable from the Mobile-home-Manufactured Home Revolving Fund (Item 2240-001-0648).... -21,349,000
- (11) Amount payable from the Self-Help Housing Fund (Item 2240-001-0813)..... -130,000
- (12) Amount payable from the Federal Trust Fund (Item 2240-001-0890)..... -9,545,000
- (13) Amount payable from the Housing Rehabilitation Loan Fund (Item 2240-001-0929)..... -2,493,000

- (14) Amount payable from the Rental Housing Construction Fund (Item 2240-001-0938)..... -730,000
- (15) Amount payable from the Predevelopment Loan Fund (Item 2240-001-0980)..... -303,000
- (16) Amount payable from the Emergency Housing and Assistance Fund (Item 2240-001-0985)..... -477,000
- (17) Amount payable from the Jobs-Housing Balance Improvement Account (Item 2240-001-3006).... -704,000
- (18) Amount payable from the Building Equity and Growth in Neighborhoods Fund (Item 2240-001-6038)..... -324,000
- (19) Amount payable from the Building Equity and Growth in Neighborhoods Fund (Item 2240-002-6038)..... -388,000
- (21) Amount payable from the Regional Planning, Housing and Infill Incentive Account, Housing and Emergency Shelter Trust Fund of 2006 (Item 2240-001-6069)..... -2,543,000
- (23) Amount payable from the Transit-Oriented Development Implementation Fund (Item 2240-001-9736)..... -692,000

Provisions:

- 1. Of the amount appropriated in this item, \$158,000 shall be used to continue oversight by the Department of Housing and Community Development of redevelopment agencies and to provide technical assistance, in accordance with the department's Housing Preservation Plan.

2240-001-0245—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Mobilehome Park Revolving Fund..... 6,054,000

2240-001-0530—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Mobilehome Park Purchase Fund..... 568,000

2240-001-0648—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Mobilehome-Manufactured Home Revolving Fund.....	21,349,000
Provisions:	
1. Notwithstanding Section 18077 of the Health and Safety Code, or any other provision of law, the first \$2,388,000 in revenues collected by the Department of Housing and Community Development from manufactured home license fees shall be deposited in the Mobilehome-Manufactured Home Revolving Fund, and shall be available to the department for the support, collection, administration, and enforcement of manufactured home license fees.	
2. Notwithstanding Section 18077.5 of the Health and Safety Code, or any other provision of law, the Department of Housing and Community Development is not required to comply with the reporting requirement of Section 18077.5 of the Health and Safety Code.	
2240-001-0813—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Self-Help Housing Fund.....	130,000
2240-001-0890—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Federal Trust Fund.....	9,545,000
2240-001-0929—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Housing Rehabilitation Loan Fund.....	2,493,000
2240-001-0938—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Rental Housing Construction Fund.....	730,000
2240-001-0980—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Predevelopment Loan Fund.....	303,000
2240-001-0985—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Emergency Housing and Assistance Fund.....	477,000

Item

Amount

2240-001-3006—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Jobs-Housing Balance Improvement Account..... 704,000

2240-001-6038—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Building Equity and Growth in Neighborhoods Fund..... 324,000

2240-001-6069—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Regional Planning, Housing and Infill Incentive Account, Housing and Emergency Shelter Trust Fund of 2006..... 2,543,000

2240-001-9736—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Transit-Oriented Development Implementation Fund..... 692,000

2240-002-6038—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Building Equity and Growth in Neighborhoods Fund..... 388,000

2240-101-0001—For local assistance, Department of Housing and Community Development..... 6,316,000

Schedule:

(1) 20-Financial Assistance Program..... 171,316,000

(2) Amount payable from the Federal Trust Fund (Item 2240-101-0890)..... -165,000,000

Provisions:

1. Of the funds appropriated by Schedule (1) of this item, the Department of Housing and Community Development shall allocate \$500,000 for priority repairs, maintenance, and equipment for Office of Migrant Services facilities.

2240-101-0890—For local assistance, Department of Housing and Community Development, for payment to Item 2240-101-0001, payable from the Federal Trust Fund..... 165,000,000

Provisions:

1. Notwithstanding any other provision of law, federal funds appropriated by this item but not encumbered or expended by June 30, 2008, may be expended in the subsequent fiscal year.

Item Amount

2240-101-3006—For local assistance, Department of Housing and Community Development, payable from the Jobs-Housing Balance Improvement Account..... 23,000,000

2240-101-6069—For local assistance, Department of Housing and Community Development, payable from the Regional Planning, Housing and Infill Incentive Account..... 300,000,000

Provisions:

1. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2012.

2240-101-9736—For local assistance, Department of Housing and Community Development, payable from the Transit-Oriented Development Implementation Fund..... 95,000,000

Provisions:

1. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2012.

2240-102-6038—For local assistance, Department of Housing and Community Development, payable from the Building Equity and Growth in Neighborhoods Fund..... 40,000,000

Provisions:

1. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2012.

2240-105-0001—For transfer, as an expenditure, upon order of the Director of Finance, to the Emergency Housing and Assistance Fund..... 4,000,000

Provisions:

1. The amount transferred in this item to the Emergency Housing and Assistance Fund shall be distributed pursuant to Chapter 11.5 (commencing with Section 50800) of Part 2 of Division 31 of the Health and Safety Code for operating facilities and capital development grants.
2. Grants shall not be used to supplant existing emergency shelter or transitional housing funding. Notwithstanding any regulatory provision to the contrary, operating facilities grants shall not exceed \$100,000 nor be less than \$30,000. For counties with an allocation of greater than

\$30,000, one grant of less than \$30,000 may be awarded if necessary to fully utilize the county's allocation. For counties with an allocation of up to or equal to \$30,000, up to two grants of less than \$30,000 may be awarded.

2310-001-0400—For support of Office of Real Estate Appraisers, payable from the Real Estate Appraisers Regulation Fund..... 4,149,000

Schedule:

- (1) 10-Administration of Real Estate Appraisers Program..... 4,229,000
- (2) Reimbursements..... -80,000

2320-001-0317—For support of Department of Real Estate, payable from the Real Estate Fund..... 46,169,000

Schedule:

- (1) 10-Licensing and Education..... 11,521,000
- (2) 20-Enforcement and Recovery..... 27,901,000
- (3) 30-Subdivisions..... 6,997,000
- (4) 40.10-Administration..... 8,177,000
- (5) 40.20-Distributed Administration.... -7,992,000
- (6) Reimbursements..... -435,000

Provisions:

1. Of the amount appropriated in this item, \$500,000 shall be used only for the purposes of the Real Estate Recovery Account.
2. The Department of Real Estate shall, by January 10, 2008, report to the chairperson of the budget committee of each house of the Legislature and to the Legislative Analyst's Office all of the following: (a) actual workload data for the 2005-06 and 2006-07 fiscal years compared to the workload projected by the department in February 2006; (b) projected workload data for the 2007-08 and 2008-09 fiscal years; and (c) any staffing and funding changes requested based on (a) and (b). Workload data shall include, at a minimum, the total number of licensees; the number of onsite and offsite exams scheduled; the number of licenses issued; the number of enforcement cases assigned; the number of audits performed; the number of Subdivision Program filings; and the number of legal actions filed.

2400-001-0933—For support of Department of Managed Health Care, payable from the Managed Care Fund..... 40,853,000

Schedule:

- (1) 30-Health Plan Program..... 41,060,000
- (2) 50.01-Administration..... 9,835,000
- (3) 50.02-Distributed Administration.... -9,835,000
- (4) Reimbursements..... -207,000

Provisions:

- 1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

2400-002-0933—For support of Department of Managed Health Care, for the Office of Patient Advocate, payable from the Managed Care Fund.....	2,394,000
2600-001-0042—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the State Highway Account, State Transportation Fund.....	700,000
2600-001-0046—For support of California Transportation Commission, payable from the Public Transportation Account, State Transportation Fund.....	1,261,000

Schedule:

- (1) 10-Administration of California Transportation Commission..... 3,291,000
- (2) Reimbursements..... -457,000
- (3) Amount payable from the State Highway Account, State Transportation Fund (Item 2600-001-0042).... -700,000
- (4) Amount payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6055)..... -194,000
- (5) Amount payable from the Trade Corridors Improvement Fund (Item 2600-001-6056)..... -95,000
- (6) Amount payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6058)..... -220,000
- (7) Amount payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6059)..... -50,000

- (8) Amount payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6060)..... -111,000
- (9) Amount payable from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6062)..... -12,000
- (10) Amount payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6063)..... -40,000
- (11) Amount payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6064)..... -111,000
- (12) Amount payable from the Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6065)..... -40,000

Provisions:

- 1. Upon order of the Director of Finance, funds may be transferred between Items 2600-001-6055, 2600-001-6056, 2600-001-6058, 2600-001-6059, 2600-001-6060, 2600-001-6062, 2600-001-6063, 2600-001-6064, and 2600-001-6065 in order to meet program oversight needs as programs proceed through the implementation process.

2600-001-6055—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....

194,000

Provisions:

- 1. Provision 1 of Item 2600-001-0046 also applies to this item.

Item	Amount
2600-001-6056—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Trade Corridors Improvement Fund.....	95,000
Provisions:	
1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6058—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	220,000
Provisions:	
1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6059—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	50,000
Provisions:	
1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6060—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	111,000
Provisions:	
1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6062—For support of California Transportation Commission, for payment to Item 2600-001-0046, from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	12,000
Provisions:	
1. Provision 1 of Item 2600-001-0046 also applies to this item.	

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Amount

2600-001-6063—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	40,000
Provisions:	
1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6064—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	111,000
Provisions:	
1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6065—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	40,000
Provisions:	
1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-402—Before allocating projects in the 2007–08 fiscal year that would result in the issuance of notes pursuant to Section 14553 of the Government Code exceeding \$800,000,000, the California Transportation Commission shall consult with the Business, Transportation and Housing Agency, the Department of Transportation, and the Department of Finance pursuant to Section 14553.8 of the Government Code to consider and determine the appropriateness of the mechanism authorized by Section 14553 of the Government Code in comparison to other funding mechanisms, and to determine and report to the Governor and the Legislature the effect of issuance of the notes on future federal funding commitments. Allocations exceeding \$800,000,000 shall not be made prior to providing 60 days’ notice to the chairpersons of the transportation committees of each house and the Chairperson of the Joint Legislative Budget Committee.	

2640-104-6059—For local assistance, State Transit Assistance, for allocation by the Controller pursuant to Sections 99313 and 99314 of the Public Utilities Code, payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	600,000,000
Provisions:	
1. Notwithstanding Sections 99313 and 99314 of the Public Utilities Code, not more than \$140,454 of the amount appropriated in this item shall reimburse the Controller for expenditures for administration of local transportation assistance funds.	
2. Projects eligible for funding from this item shall be allocated by the California Transportation Commission and shall be available for allocation until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.	
2660-001-0041—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Aeronautics Account, State Transportation Fund.....	3,374,000
2660-001-0042—For support of Department of Transportation, payable from the State Highway Account, State Transportation Fund.....	2,604,048,000
Schedule:	
(1) 10-Aeronautics.....	3,436,000
(2) 20.10-Highway Transportation—Capital Outlay Support....	1,610,517,000
(3) 20.30-Highway Transportation—Local Assistance.....	41,393,000
(4) 20.40-Highway Transportation—Program Development.....	75,198,000
(5) 20.65-Highway Transportation—Legal.....	78,337,000
(6) 20.70-Highway Transportation—Operations.....	187,143,000
(7) 20.80-Highway Transportation—Maintenance.....	1,130,082,000
(8) 30-Mass Transportation.....	124,813,000
(9) 40-Transportation Planning.....	104,337,000
(10) 50.00-Administration.....	376,498,000
(11) 60.10-Equipment Service Program Costs.....	179,942,000
(11.5) 60.20-Distributed Equipment Service Program Costs.....	-179,942,000

(12) Reimbursements.....	-328,261,000
(13) Amount payable from the Aeronautics Account, State Transportation Fund (Item 2660-001-0041).....	-3,374,000
(14) Amount payable from the Bicycle Transportation Account, State Transportation Fund (Item 2660-001-0045).....	-10,000
(15) Amount payable from the Public Transportation Account, State Transportation Fund (Item 2660-001-0046).....	-142,503,000
(16) Amount payable from the Historic Property Maintenance Fund (Item 2660-001-0365).....	-1,557,000
(16.5) Amount payable from the Seismic Retrofit Bond Fund of 1996 (Section 8879.3 of the Government Code).....	-593,000
(17) Amount payable from the Federal Trust Fund (Item 2660-001-0890).....	-529,838,000
(18) Amount payable from the Transportation Financing Subaccount, State Highway Account, State Transportation Fund (Item 2660-001-6801).....	-11,066,000
(19) Amount payable from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6053).....	-8,281,000
(21) Amount payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6055).....	-14,085,000
(22) Amount payable from the Trade Corridors Improvement Fund (Item 2660-004-6056).....	-1,427,000
(23) Amount payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6058).....	-63,188,000

(24) Amount payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6059).....	-1,047,000
(25) Amount payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6060).....	-653,000
(26) Amount payable from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6062).....	-86,000
(27) Amount payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6063).....	-547,000
(28) Amount payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6064)....	-21,190,000

Provisions:

1. For purposes of the funds appropriated in Schedules (2) to (7), inclusive, Program 20—Highway Transportation, upon approval of the Department of Finance, the Department of Transportation shall notify the chairpersons of the fiscal committees of both houses of the Legislature and the Chairperson of the Joint Legislative Budget Committee at least 20 days prior to spending funds to expand activities above budgeted levels or to implement a new activity not identified in this act, including any of those expenditures to be funded through a transfer of moneys from other expenditure categories or programs, except in the case of emergency work increases caused by fire, snow, storm, or earth movement damage.

2. From funds appropriated in this item, the Department of Transportation may enter into interagency agreements with the Department of the California Highway Patrol to compensate that department for the cost of work performed by patrol officers at or near state highway construction projects so as to reduce the risk of occurrence of serious motor vehicle accidents.
3. Notwithstanding any other provision of law, funds appropriated in this item from the State Highway Account may be reduced and replaced by an equivalent amount of federal funds determined by the Department of Transportation to be available and necessary to comply with Section 8.50 and the most effective management of state transportation resources. Not more than 30 days after replacing the state funds with federal funds, the Director of Finance shall notify in writing the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.
4. Notwithstanding any other provision of law, funding appropriated in this item may be transferred to Item 2660-005-0042 to pay for any necessary insurance, debt service, and other financing-related expenditures for Department of Transportation-owned office buildings. Any transfer will require the prior approval of the Department of Finance.
5. The funds appropriated in Schedule (2) for external consultant and professional services related to project delivery (also known as 232 contracts) that are unencumbered or encumbered but unexpended related to work that will not be performed during the fiscal year shall revert to the fund from which they were appropriated.
6. Notwithstanding any other provision of law, funds appropriated in this item may be supplemented with federal funding appropriation authority and with prior fiscal year State Highway Account appropriation balances at a level determined by the Department of Transportation as required to process claims utilizing federal advance construction through the plan of financial adjustment process pursuant to Sections 11251 and 16365 of the Government Code.

7. Of the funds appropriated in Schedule (7), \$588,000 is for the maintenance of the new Route 125 toll road in San Diego County. This full amount shall not be available for expenditure until the Department of Transportation has entered into a contract with the contractor for the year in which funds are to be expended.
8. Notwithstanding any other provision of law, funds appropriated in Item 2660-001-0042, 50.00-Administration from the State Highway Account, may be reduced and replaced by an equivalent amount of Reimbursements funds determined by the Department of Transportation to be available and necessary to comply with Section 28.50 and the most effective management of state transportation resources. The Reimbursements Account may also be reduced and replaced by an equivalent amount of funds from the State Highway Account. Not more than 30 days after replacing the State Highway Account funds with Reimbursements funds and vice versa, the Director of Finance shall notify in writing the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.
9. Not more than \$1,400,000 appropriated in this item is available for support of the Department of Transportation's Owner Controlled Insurance Program to administer insurance coverage for contractors on projects with combined total costs not to exceed \$750,000,000.
10. Of the funds appropriated in this item, \$214,000,000 is for major maintenance contracts for the preservation of highway pavement, and shall not be used to supplant any other funding that would have been used for major pavement maintenance.
11. Of the funds appropriated in Schedule (5), \$48,600,000 is for the payment of tort lawsuit claims and awards. Any funds for that purpose that are unencumbered as of April 1, 2008, may be transferred to Item 2660-302-0042. Any transfer shall require the prior approval of the Department of Finance.
12. Of the funds appropriated in Schedule (7), \$7,167,000 shall be used to fund expansion of

- the Department of Transportation's 800 MHz Radio System in District 10.
13. Of the funds appropriated in Schedule (2), \$1,742,000 shall be used to fund 2.0 positions and contracts for the monitoring of underground storage tank sites.
 14. Of the funds appropriated in Schedule (6), \$1,200,000 shall be used to fund a two-year pilot project to test the viability of purchasing real-time traffic data collected from virtual traffic monitoring stations.
 15. Of the funds appropriated in Schedules (6) and (7), \$11,206,000 shall be used for the maintenance, engineering, and repair of intelligent transportation systems and the associated field elements.
 16. Of the funds appropriated in Schedule (8), \$6,552,000 shall be available to pay for increased Amtrak operating costs once an agreement is signed by both the Department of Transportation and the Office of State Audits and Evaluations in the Department of Finance for an audit of the Department of Transportation's intercity rail program. Phase I of this audit, to be completed no later than December 31, 2007, shall include, but not be limited to, an accurate measure of the daily average and peak ridership for each segment of Caltrans' intercity rail routes, actual existing rail equipment availability and ridership capacity, train schedules, and trainset configurations utilized to support ridership demand. Phase II of this audit, to be completed by March 31, 2008, shall include, but not be limited to, an accurate measure of Caltrans' methodology for forecasting future ridership and rail equipment requirements.
 18. Of the funds appropriated in this item, \$125,000 shall be used for the reimbursement of the Office of State Audits and Evaluations within the Department of Finance for audit and consulting services related to the Department of Transportation's administration of the workers' compensation system. Upon completion of the audit report, the Office of State Audits and Evaluations shall provide a copy to the appropriate fiscal committees of the Legislature and the Legislative Analyst.

19. Notwithstanding Section 183.1 of the Streets and Highways Code, the transfer of revenue from the State Highway Account in the State Transportation Fund to the Public Transportation Account in the State Transportation Fund, described in subdivision (b) of that section, is suspended to June 30, 2008.

2660-001-0045—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Bicycle Transportation Account, State Transportation Fund..... 10,000

2660-001-0046—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Public Transportation Account, State Transportation Fund..... 142,503,000

Provisions:

1. For Program 30—Mass Transportation, \$79,690,027 appropriated in this item is available for intercity rail.
2. Notwithstanding any other provision of law, funds appropriated in this item from the Public Transportation Account may be reduced and replaced by an equivalent amount of federal funds determined by the Department of Transportation to be available and necessary to comply with Section 8.50 and the most effective management of state transportation resources. Not more than 30 days after replacing the state funds with federal funds, the Director of Finance shall notify in writing the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.
3. Of the funds appropriated in this item, up to \$6,552,000 shall be available to pay for increased Amtrak operating costs once an agreement is signed by both the Department of Transportation and the Office of State Audits and Evaluations in the Department of Finance for an audit of the Department of Transportation’s intercity rail program. Phase I of this audit, to be completed no later than December 31, 2007, shall include, but not be limited to, an accurate measure of the daily average and peak ridership for each segment of Caltrans’ intercity rail routes, actual existing rail equipment availability and ridership capacity, train schedules,

and trainset configurations utilized to support ridership demand. Phase II of this audit, to be completed by March 31, 2008, shall include, but not be limited to, an accurate measure of Caltrans' methodology for forecasting future ridership and rail equipment requirements.

2660-001-0365—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Historic Property Maintenance Fund..... 1,557,000

2660-001-0890—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Federal Trust Fund..... 529,838,000

Provisions:

1. For Program 20—Highway Transportation. For purposes of Section 163 of the Streets and Highways Code, all expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.
2. For Program 20—Highway Transportation. Federal funds may be received from any federal source, and shall be deposited in the Federal Trust Fund. Any federal reimbursements shall be credited to the account from which the expenditures were originally made.
3. Notwithstanding any other provision of law, the Director of Finance may augment this item with additional federal funds in conjunction with an equivalent offsetting reduction in State Highway Account funds in Item 2660-001-0042, pursuant to Provision 3 of that item or Public Transportation Account funds in Item 2660-001-0046, pursuant to Provision 2 of that item.

2660-001-3008—For transfer by the Controller, upon the order of the Department of Transportation, from the Transportation Investment Fund to the State Highway Account, State Transportation Fund..... (256,000,000)

Provisions:

1. Funds transferred by this item shall only be used for capital outlay support expenditures on State Transportation Improvement Program Projects.

2660-001-6801—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Transportation Financing Subaccount, State Highway Account, State Transportation Fund.....	11,066,000
2660-002-0042—For support of Department of Transportation, payable from the State Highway Account to fund ongoing administrative costs for Grant Anticipation Revenue Vehicles.....	600,000
2660-002-3007—For support of Department of Transportation, payable from the Traffic Congestion Relief Fund.....	35,080,000
Schedule:	
(1) 20.10-Highway Transportation—Capital Outlay Support.....	34,333,000
(2) 30-Mass Transportation.....	286,000
(3) 50-Administration.....	461,000

Provisions:

1. Notwithstanding any other provision of law, if the California Transportation Commission allocates funds to Traffic Congestion Relief Program projects in the 2007–08 fiscal year, the Director of Finance may increase expenditure authority in this item for additional capital outlay staffing directly related to new Traffic Congestion Relief Program allocations after notifying the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval.

Item	Amount
2660-004-6053—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	8,281,000
2660-004-6055—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	14,085,000
2660-004-6056—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Trade Corridors Improvement Fund.....	1,427,000
2660-004-6058—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	63,188,000
2660-004-6059—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	1,047,000
2660-004-6060—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	653,000
2660-004-6062—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	86,000
2660-004-6063—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	547,000
2660-004-6064—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	21,190,000

2660-005-0042—For support of Department of Transportation, for building insurance, debt service, and other financing-related costs for department-owned office buildings, payable from the State Highway Account, State Transportation Fund..... 14,702,000
Provisions:

1. Notwithstanding any other provision of law, funds provided in Item 2660-001-0042 may be transferred to this item to pay for any necessary insurance, debt service, and other financing-related costs for department-owned office buildings. Any transfer shall require the prior approval of the Department of Finance.
2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
3. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

2660-007-0042—For support of Department of Transportation, payable from the State Highway Account, State Transportation Fund..... 92,109,000
Schedule:

- | | |
|--|------------|
| (1) 20.10-Highway Transportation—Capital Outlay Support..... | 44,837,000 |
| (2) 20.65-Highway Transportation—Legal..... | 640,000 |
| (3) 20.70-Highway Transportation—Operations..... | 1,055,000 |
| (4) 20.80-Highway Transportation—Maintenance..... | 45,559,000 |
| (5) 50-Administration..... | 18,000 |

- Provisions:
1. The funds appropriated in this item may be expended only to attain compliance with (a) the stormwater discharge provisions of the National Pollutant Discharge Elimination System permits as promulgated by the State Water Resources Control Board or regional water quality control boards, (b) the Statewide Storm Water Management Plan, (c) as required by court order, or (d) any other nonproject water or air quality related

environmental activity that protects air quality or the quality of receiving waters.

- 2. The funds appropriated in this item may be transferred between schedules. Any transfer will require the prior approval of the Department of Finance.

2660-011-0041—For transfer by the Controller from the Aeronautics Account, State Transportation Fund, to the Public Transportation Account, State Transportation Fund, as prescribed by Section 21682.5 of the Public Utilities Code..... (30,000)

2660-012-0042—For augmentation for emergencies relating to a state of emergency declared by the Governor, payable from the State Highway Account.... (40,000,000)

Provisions:

- 1. Required notification to the Legislature of appropriations pursuant to this item shall include, in addition to all other required information, (a) an estimate of federal funds or other funds that the department may receive for the same purposes as the proposed appropriation, and (b) explanation of the necessity of the proposed appropriation given anticipated federal funds or other funds.
- 2. Funds appropriated in this item may be used for support, local assistance, or capital outlay expenditures.

2660-021-0042—For transfer by the Controller from the State Highway Account, State Transportation Fund, to the Public Transportation Account, State Transportation Fund, as prescribed by Section 194 of the Streets and Highways Code..... (22,410,000)

2660-022-0042—For transfer by the Controller from the State Highway Account, State Transportation Fund, to the Environmental Enhancement and Mitigation Program Fund to be used as specified in Section 164.56 of the Streets and Highways Code..... (10,000,000)

2660-101-0042—For local assistance, Department of Transportation, State Transportation Improvement Program (STIP), payable from the State Highway Account, State Transportation Fund..... 30,000,000

Schedule:

- (1) 20.30-Highway Transportation—Local Assistance..... 30,000,000
 - (a) Regional Improvements..... (30,000,000)

(b) Interregional Im-
provements..... 0

Provisions:

1. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred intraschedule or to Item 2660-102-0042, 2660-301-0042, or 2660-302-0042. These transfers shall require the prior approval of the Department of Finance.
3. Notwithstanding any other provision of law, funds appropriated in this item may be supplemented with federal funding appropriation authority and with prior year State Highway Account appropriation balances at a level determined by the Department of Transportation as required to process claims utilizing federal advance construction through the plan of financial adjustment process under Sections 11251 and 16365 of the Government Code.

2660-101-0045—For local assistance, Department of Transportation, Program 20—Highway Transportation, payable from the Bicycle Transportation Account, State Transportation Fund..... 7,200,000

2660-101-0046—For local assistance, Department of Transportation, payable from the Public Transportation Account, State Transportation Fund..... 562,752,000

Provisions:

1. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2010.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-301-0046. These transfers require the prior approval of the Department of Finance.

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Amount

2660-101-0183—For local assistance, Department of Transportation, Program 20-Highway Transportation, payable from the Environmental Enhancement and Mitigation Program Fund..... 10,000,000

2660-101-0890—For local assistance, Department of Transportation, State Transportation Improvement Program (STIP), payable from the Federal Trust Fund..... 70,000,000

Schedule:

- (1) 20-Highway Transportation..... 70,000,000
 - (a) Regional Im-
provements..... (70,000,000)

Provisions:

- 1. For purposes of the Streets and Highways Code, all expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.
- 2. Federal funds may be received from any federal source and shall be deposited in the Federal Trust Fund. Any federal reimbursements shall be credited to the account from which the expenditures were originally made.
- 3. Notwithstanding any other provision of law, funds appropriated in this item may be transferred intraschedule or to Item 2660-102-0890, 2660-301-0890, or 2660-302-0890. These transfers shall require the prior approval of the Department of Finance. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010.

2660-102-0042—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State Highway Account, State Transportation Fund..... 112,772,000

Schedule:

- (1) 20-Highway Transportation..... 100,772,000
 - (a) Regional Surface
Transportation
Program Ex-
change..... (57,558,000)
 - (b) Local Assis-
tance..... (43,214,000)
- (2) 40-Transportation Planning..... 12,000,000

Provisions:

- 1. Funds appropriated in Schedule (1) shall be available for allocation by the California Transportation Commission until June 30, 2010, and

available for encumbrance and liquidation until June 30, 2013.

- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred intraschedule or to Item 2660-101-0042, 2660-301-0042, or 2660-302-0042. These transfers shall require the prior approval of the Department of Finance.

2660-102-0890—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Federal Trust Fund..... 1,427,781,000
Schedule:

- (1) 20-Highway Transportation..... 1,340,781,000
- (2) 30-Mass Transportation..... 22,000,000
- (3) 40-Transportation Planning..... 65,000,000

Provisions:

- 1. Notwithstanding any other provision of law, funds appropriated in this item may be transferred intraschedule or to Item 2660-101-0890, 2660-301-0890, or 2660-302-0890. These transfers shall require the prior approval of the Department of Finance. Funds appropriated in Schedules (1) and (2) shall be available for allocation by the California Transportation Commission until June 30, 2010.
- 2. For Program 20—Highway Transportation. For purposes of the Streets and Highways Code, all expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.
- 3. For Program 20—Highway Transportation. Federal funds may be received from any federal source and shall be deposited in the Federal Trust Fund. Any federal reimbursements shall be credited to the account from which the expenditures were originally made.
- 4. For Program 40—Transportation Planning. Of the amount appropriated in this item, \$5,000,000 is for regional blueprint planning grants.

2660-104-6053—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 1,000

Schedule:

(1) 20.30-Highway Transportation—Local Assistance..... 1,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6053. These transfers shall require the prior approval of the Department of Finance.

2660-104-6055—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 1,000

Schedule:

(1) 20.30-Highway Transportation—Local Assistance..... 1,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6055. These transfers shall require the prior approval of the Department of Finance.

2660-104-6056—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Trade Corridors Improvement Fund..... 132,000,000

Schedule:

(1) 20.30-Highway Transportation—Local Assistance..... 132,000,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6056. These transfers

shall require the prior approval of the Department of Finance.

2660-104-6058—For local assistance, Department of Transportation, State Transportation Improvement Program (STIP), payable from the Transportation Facilities Account..... 112,880,000

Schedule:

(1) 20.30-Highway Transportation—Local Assistance..... 112,880,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6058. These transfers shall require the prior approval of the Department of Finance.
5. Notwithstanding any other provision of law, funds appropriated in this item may be increased by up to \$30,780,000 upon approval of the Department of Finance.

2660-104-6059—For local assistance, Department of Transportation, payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.... 1,000

Schedule:

(1) 20.30-Highway Transportation—Local Assistance..... 1,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6059. These transfers require the prior approval of the Department of Finance.
3. These funds shall become available following both the completion of a passenger rail audit and an agreement between the Department of Finance and Department of Transportation upon a projection of ridership that shows a need for additional rolling stock.

1346
Item

STATUTES OF 2007

[Ch. 171]
Amount

2660-104-6060—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 200,000,000

Schedule:

(1) 20.30-Highway Transportation—Local Assistance..... 200,000,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.

2660-104-6062—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 13,500,000

Schedule:

(1) 20.30-Highway Transportation—Local Assistance..... 13,500,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.

4. Notwithstanding any other provision of law, funds appropriated in this item may be increased by up to \$2,825,000 upon approval of the Department of Finance.

2660-104-6063—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 122,499,000

Schedule:

(1) 30.10-Mass Transportation..... 122,499,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.

2. Notwithstanding any other provision of law, funds appropriated in this item may be trans-

ferred to Item 2660-304-6063. These transfers shall require the prior approval of the Department of Finance.

2660-104-6064—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Highway Safety, Rehabilitation and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 122,500,000

Schedule:

(1) 20.30-Highway Transportation—Local Assistance..... 122,500,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6064. These transfers shall require the prior approval of the Department of Finance.
5. Notwithstanding any other provision of law, funds appropriated in this item may be increased by up to \$30,625,000 upon approval of the Department of Finance.

2660-105-0046—For local assistance, Department of Transportation, Program 30-Mass Transportation, payable from the Public Transportation Account, State Transportation Fund, for water transit operations managed through the Metropolitan Transportation Commission..... 2,967,000

2660-301-0042—For capital outlay, Department of Transportation, State Transportation Improvement Program (STIP), payable from the State Highway Account, State Transportation Fund..... 33,247,000

Schedule:

(1) 20-Highway Transportation..... 33,247,000

(a) Regional Improvements..... (22,165,000)

(b) Interregional Improvements..... (11,082,000)

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission through the 2009–10 fiscal year and available

for encumbrance and liquidation until June 30, 2013.

- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred intraschedule or to Item 2660-101-0042, 2660-102-0042, 2660-302-0042, or 2660-311-0042. These transfers shall require the prior approval of the Department of Finance.
- 3. Notwithstanding any other provision of law, funds appropriated in this item may be supplemented with federal funding appropriation authority and with prior year State Highway Account appropriation balances at a level determined by the department as required to process claims utilizing federal advance construction through the plan of financial adjustment process under Sections 11251 and 16365 of the Government Code.

2660-301-0046—For capital outlay, Department of Transportation, payable from the Public Transportation Account, State Transportation Fund..... 36,400,000
Provisions:

- 1. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2010.
- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-101-0046 with the prior approval of the Director of Finance.

2660-301-0890—For capital outlay, Department of Transportation, State Transportation Improvement Program (STIP), payable from the Federal Trust Fund..... 281,753,000
Schedule:

- (1) 20-Highway Transportation..... 281,753,000
 - (a) Regional Improvements..... (211,315,000)
 - (b) Interregional Improvements..... (70,438,000)

- Provisions:
- 1. Notwithstanding any other provision of law, amounts scheduled in this item may be transferred intraschedule or to Item 2660-101-0890, 2660-102-0890, or 2660-302-0890, upon the prior approval of the Department of Finance. These funds shall be available for allocation by

the California Transportation Commission until June 30, 2010.

- 2. For purposes of the Streets and Highways Code, all expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.
- 3. Federal funds may be received from any federal source and shall be deposited in the Federal Trust Fund. Any federal reimbursements shall be credited to the account from which the expenditures were originally made.

2660-302-0042—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State Highway Account, State Transportation Fund..... 980,000,000

Schedule:

- (1) 20-Highway Transportation..... 2,330,000,000
 - (a) State Highway Operation and Protection Program..... (2,330,000,000)
- (2) Reimbursements..... -1,350,000,000

Provisions:

- 1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-101-0042, 2660-102-0042, 2660-301-0042, or 2660-311-0042. These transfers shall require the prior approval of the Department of Finance.
- 3. The Director of Finance may increase this item pursuant to allocations made from tribal gaming bond revenues no sooner than 30 days after written notification of the allocation is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine.
- 4. No funds appropriated in this item are available for expenditure on specialty building facilities.

For the purpose of this item, specialty building facilities are equipment facilities, maintenance facilities, material laboratories, and traffic management centers.

- 5. The funds appropriated in this item include \$100,000,000 attributable to the tribal gaming revenue collected and deposited in the State Highway Account pursuant to Section 63048.65 of the Government Code. These funds shall only be available for pavement rehabilitation projects programmed in the State Highway Operation and Protection Program (SHOPP), and shall not supplant any other funding available for SHOPP. The first \$100,000,000 of the SHOPP projects allocated using the appropriation provided by this item shall be funded from tribal gaming revenue deposited into the State Highway Account. The Department of Transportation shall monitor the allocation and expenditure of these funds and shall, upon request of the Department of Finance, report on their status.

2660-302-0890—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Federal Trust Fund..... 1,426,496,000

Schedule:

- (1) 20-Highway Transportation..... 1,426,496,000
 - (a) State Highway Operation and Protection Program..... (1,426,496,000)

Provisions:

- 1. Notwithstanding any other provision of law, amounts scheduled in this item may be transferred to Item 2660-101-0890, 2660-102-0890, or 2660-301-0890. These transfers shall require the prior approval of the Department of Finance. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010.
- 2. For purposes of the Streets and Highways Code, all expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.
- 3. Federal funds may be received from any federal source and shall be deposited in the Federal

Trust Fund. Any federal reimbursements shall be credited to the account from which the expenditures were originally made.

4. No funds appropriated in this item are available for expenditure on specialty building facilities. For the purpose of this item, speciality building facilities are equipment facilities, maintenance facilities, material laboratories, and traffic management centers.

2660-303-0042—For capital outlay, Department of Transportation, specialty building facilities, payable from the State Highway Account, State Transportation Fund..... 83,525,000

Provisions:

1. For the purpose of this item, specialty building facilities are equipment facilities, maintenance facilities, material laboratories, and traffic management centers. Ancillary equipment associated with the management of transportation systems such as loop detectors, closed-circuit television cameras, and transportation management systems field elements are not deemed specialty building facilities and are not funded from this item.

2660-304-6053—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 5,999,000

Schedule:

(1) 20-Highway Transportation..... 5,999,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation through June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6053. These transfers shall require the prior approval of the Department of Finance.
5. Notwithstanding any other provision of law, funds appropriated in this item may be increased by up to \$24,750,000 upon approval of the Department of Finance.

1352
Item

STATUTES OF 2007

[Ch. 171]
Amount

2660-304-6055—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 593,999,000

Schedule:

(1) 20-Highway Transportation..... 593,999,000
Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6055. These transfers shall require the prior approval of the Department of Finance.
5. Notwithstanding any other provision of law, funds appropriated in this item may be increased by up to \$383,000,000 upon approval of the Department of Finance.

2660-304-6056—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Trade Corridors Improvement Fund..... 68,000,000

Schedule:

(1) 20-Highway Transportation..... 68,000,000
Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6056. These transfers shall require the prior approval of the Department of Finance.

2660-304-6058—For capital outlay, Department of Transportation, State Transportation Improvement Program (STIP), payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.... 551,120,000

Schedule:

(1) 20-Highway Transportation..... 551,120,000

Provisions:

- 1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6058. These transfers shall require the prior approval of the Department of Finance.
- 5. Notwithstanding any other provision of law, funds appropriated in this item may be increased by up to \$150,260,000 upon approval of the Department of Finance.

2660-304-6059—For capital outlay, Department of Transportation, payable from the Public Transportation, Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.... 186,999,000

Schedule:

(1) 30-Mass Transportation..... 186,999,000

Provisions:

- 1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6059 upon the prior approval of the Department of Finance.
- 3. These funds shall be available following both the completion of a passenger rail audit and an agreement between the Department of Finance and Department of Transportation upon a projection of ridership that shows a need for additional rolling stock.

2660-304-6063—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 1,000

Schedule:

(1) 30.20-Mass Transportation..... 1,000

Provisions:

- 1. These funds shall be available for allocation by the California Transportation Commission until

June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.

- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6063. These transfers shall require the prior approval of the Department of Finance.

2660-304-6064—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Highway Safety, Rehabilitation and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 259,000,000

Schedule:

(1) 20-Highway Transportation..... 259,000,000
Provisions:

- 1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6064. These transfers shall require the prior approval of the Department of Finance.
- 5. Notwithstanding any other provision of law, funds appropriated in this item may be increased by up to \$30,250,000 upon approval of the Department of Finance.

2660-311-0042—For capital outlay, Department of Transportation, payable from the State Highway Account, State Transportation Fund..... 62,337,000

Schedule:

(1) 20-Highway Transportation..... 62,337,000
(a) 20.20.516-Oakland Seismic Retrofit Project—Construction..... (62,337,000)

Provisions:

- 1. For Program 20—Highway Transportation. Upon approval of the Department of Finance, up to 20 percent of the funds appropriated in this item may be transferred from Item 2660-301-0042 or 2660-302-0042 to enable the California Transportation Commission to allocate supplemental funds to this project.

2. Notwithstanding any other provision of law, the project in this item shall be subject to administrative oversight by the State Public Works Board.
- 2660-399-0042—For the Department of Transportation, for final cost accounting of projects for which appropriations have expired, for state operations, local assistance, or capital outlay, payable from the State Highway Account, State Transportation Fund. Funds appropriated in this item shall be available for expenditure until June 30, 2008..... 5,000,000
- 2660-399-0890—For the Department of Transportation, for state operations, local assistance, or capital outlay, payable from the Federal Trust Fund..... 31,000,000
- Provisions:
1. \$31,000,000 is available for Corridor Improvement and Formula Section 163 grants.
 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-001-0890, 2660-101-0890, 2660-102-0890, 2660-301-0890, or 2660-302-0890. These transfers shall require the prior approval of the Department of Finance.
- 2660-402—Before allocating projects in the 2007–08 fiscal year that would result in the issuance of notes pursuant to Section 14553 of the Government Code exceeding \$800,000,000, the California Transportation Commission shall consult with the Business, Transportation and Housing Agency, the Department of Transportation, and the Department of Finance pursuant to Section 14553.8 of the Government Code to consider and determine the appropriateness of the mechanism authorized by Section 14553 of the Government Code in comparison to other funding mechanisms, and to determine and report to the Governor and the Legislature the effect of issuance of the notes on future federal funding commitments. Allocations above \$800,000,000 shall not be made prior to providing 60 days’ notice to the chairpersons of the transportation committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.
- 2660-491—Reappropriation, Department of Transportation. Notwithstanding any other provision of law, the unliquidated encumbrances for the appropriations provided in the following citations are reappropriated

until June 30, 2008. The unencumbered balance shall not be available for encumbrance.

0042—State Highway Account

- (1) Item 2660-301-0042, Budget Act of 1999 (Ch. 50, Stats. 1999)
- (2) Item 2660-301-0042, Budget Act of 2000 (Ch. 52, Stats. 2000)
- (3) Item 2660-301-0042, Budget Act of 2001 (Ch. 106, Stats. 2001)

0046—Public Transportation Account

- (1) Item 2660-301-0046, Budget Act of 2001 (Ch. 106, Stats. 2001)

0890—Federal Trust Fund

- (1) Item 2660-301-0890, Budget Act of 1999 (Ch. 50, Stats. 1999)
- (2) Item 2660-301-0890, Budget Act of 2000 (Ch. 52, Stats. 2000)

2660-492—Reappropriation, Department of Transportation. The balance of the funds for the appropriation provided in the following citation is reappropriated for the purposes provided in the appropriation and is available for encumbrance or expenditure until June 30, 2008:

0042—State Highway Account, State Transportation Fund

- (1) Item 2660-001-0042, Budget Act of 2001 (Ch. 106, Stats. 2001), as reappropriated by Item 2660-492, Budget Act of 2002 (Ch. 379, Stats. 2002), Budget Act of 2003 (Ch. 157, Stats. 2003), Budget Act of 2004 (Ch. 208, Stats. 2004), Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), 20.10-Highway Transportation—Capital Outlay Support, up to \$11,572,000 shall be available for the Project Resourcing and Schedule Management System.

2660-493—Reappropriation, Department of Transportation. Notwithstanding any other provision of law, the appropriations in the following citations are reappropriated to enable the collection of outstanding federal reimbursements as of the end of June 30, 2007. These appropriations are not available for encumbrance or liquidation and shall revert on June 30, 2008:

0890—Federal Trust Fund

- (1) Item 2660-001-890, Budget Act of 1987 (Ch. 135, Stats. 1987)

- (2) Item 2660-001-890, Budget Act of 1988 (Ch. 313, Stats. 1988)
- (3) Item 2660-001-890, Budget Act of 1989 (Ch. 93, Stats. 1989)
- (4) Item 2660-001-890, Budget Act of 1990 (Ch. 467, Stats. 1990)
- (5) Item 2660-001-890, Budget Act of 1991 (Ch. 118, Stats. 1991)
- (6) Item 2660-001-890, Budget Act of 1992 (Ch. 587, Stats. 1992)
- (7) Item 2660-001-890, Budget Act of 1993 (Ch. 55, Stats. 1993)
- (8) Item 2660-001-890, Budget Act of 1994 (Ch. 139, Stats. 1994)
- (9) Item 2660-001-890, Budget Act of 1995 (Ch. 303, Stats. 1995)
- (10) Item 2660-301-890, Budget Act of 1992 (Ch. 587, Stats. 1992)
- (11) Item 2660-301-0890, Budget Act of 1996 (Ch. 162, Stats. 1996)
- (12) Item 2660-301-0890, Budget Act of 1997 (Ch. 282, Stats. 1997)
- (13) Item 2660-001-0890, Budget Act of 1996 (Ch. 162, Stats. 1996)
- (14) Item 2660-001-0890, Budget Act of 1997 (Ch. 282, Stats. 1997)
- (15) Item 2660-001-0890, Budget Act of 1998 (Ch. 324, Stats. 1998)
- (16) Item 2660-001-0890, Budget Act of 1999 (Ch. 50, Stats. 1999)
- (17) Item 2660-001-0890, Budget Act of 2000 (Ch. 52, Stats. 2000)
- (18) Item 2660-001-0890, Budget Act of 2001 (Ch. 106, Stats. 2001)
- (19) Item 2660-001-0890, Budget Act of 2002 (Ch. 379, Stats. 2002)
- (20) Item 2660-301-0890, Budget Act of 1998 (Ch. 324, Stats. 1998)

2660-494—Extension of liquidation period, Department of Transportation. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations is extended until June 30, 2008:

- 0042—State Highway Account, State Transportation Fund
- (1) Item 2660-001-0042, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 2660-

492, Budget Act of 2001 (Ch. 106, Stats. 2001), and extension of liquidation by Item 2660-492, Budget Act of 2004 (Ch. 208, Stats. 2004), and Item 2660-494, Budget Act of 2005 (Ch. 38, Stats. 2005), and Item 2660-494, Budget Act of 2006 (Ch. 47, Stats. 2006), 50.00—Administration, up to \$5,253,000 shall be available for the Transportation Permits Management Systems Information Technology Project.

2660-495—Reversion, Department of Transportation. As of June 30, 2007, the unencumbered balances of the appropriations provided in the following citations shall revert to the balance in the fund from which the appropriation was made:

0042—State Highway Account

(1) Item 2660-311-0042, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), 20.20.516-Oakland Seismic Retrofit Project—Construction

2665-001-0046—For support of High-Speed Rail Authority, Program 10-High-Speed Rail Authority, payable from the Public Transportation Account, State Transportation Fund.....

41,159,000

Schedule:

(1) 10-High-Speed Rail Authority..... 44,659,000

(2) Reimbursements..... -3,500,000

2665-490—Reappropriation, High-Speed Rail Authority. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2008:

0046—Public Transportation Account, State Transportation Fund

(1) Item 2665-001-0046, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

(2) Item 2665-001-0046, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

2700-001-0044—For support of Office of Traffic Safety, payable from the Motor Vehicle Account, State Transportation Fund.....

427,000

Schedule:

(1) 10-California Traffic Safety..... 59,306,000

(2) Amount payable from the Federal Trust Fund (Item 2700-001-0890)..... -58,879,000

Item Amount

2700-001-0890—For support of Office of Traffic Safety, for payment to Item 2700-001-0044, payable from the Federal Trust Fund..... 58,879,000

Provisions:

1. Notwithstanding any other provision of law, federal funds appropriated in this item but not encumbered or expended by June 30, 2008, may be expended in the 2008–09 fiscal year.

2700-101-0890—For local assistance, Office of Traffic Safety, payable from the Federal Trust Fund..... 36,993,000

Provisions:

1. Notwithstanding any other provision of law, federal funds appropriated in this item but not encumbered or expended by June 30, 2008, may be expended in the 2008–09 fiscal year.

2720-001-0042—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the State Highway Account, State Transportation Fund..... 57,477,000

2720-001-0044—For support of Department of the California Highway Patrol, payable from the Motor Vehicle Account, State Transportation Fund.... 1,617,459,000

Schedule:

- (1) 10-Traffic Management..... 1,578,686,000
- (2) 20-Regulation and Inspection..... 181,737,000
- (3) 30-Vehicle Ownership Security..... 42,047,000
- (4) 40.01-Administration..... 302,056,000
- (5) 40.02-Distributed Administration..... -302,056,000
- (6) Reimbursements..... -106,048,000
- (7) Amount payable from the State Highway Account (Item 2720-001-0042)..... -57,477,000
- (8) Amount payable from the Motor Carrier Safety Improvement Fund (Item 2720-001-0293)..... -2,341,000
- (9) Amount payable from the California Motorcyclist Safety Fund (Item 2720-001-0840)..... -1,450,000
- (10) Amount payable from the Federal Trust Fund (Item 2720-001-0890)..... -15,434,000
- (11) Amount payable from the Hazardous Substance Account, Special Deposit Fund (Item 2720-001-0942)..... -207,000

(12) Amount payable from the Asset Forfeiture Account, Special Deposit Fund (Item 2720-011-0942).... -2,054,000

Provisions:

1. On March 1, 2008, and each March 1 thereafter until the project is fully implemented, the department shall report the status of the California Highway Patrol Enhanced Radio System to the appropriate fiscal and policy committees of the Legislature and the Joint Legislative Budget Committee. At a minimum, each report shall include all of the following: (a) a revised estimate of total project costs and activities, by fiscal year, including separate reporting on the categories of mobiles, portables, remote site equipment, Department of General Services costs, and other; (b) a description of any changes in the project scope including the type and number of hardware units needed, and changes to the frequencies used; and (c) a description of any adverse effects to interoperability caused by changes in usage of new technology by local agencies or other state agencies.
2. Of the funds appropriated in this item, \$10,000,000 shall be to conduct tactical alerts in response to declared emergencies and immediate threats to public safety. For purposes of this provision, a tactical alert occurs when officers are placed on 12-hour shifts to enhance emergency preparedness and provide an immediate increase in the levels of security provided to Californians. If the amount used for tactical alerts is less than \$10,000,000, the balance shall revert to the Motor Vehicle Account.
 - (a) Of the funds appropriated in this provision, \$5,000,000 shall be immediately available and used only for overtime expenses associated with conducting tactical alerts.
 - (b) Of the funds appropriated in this provision, \$5,000,000 shall become available and used only for the purposes described in subdivision (a) after submittal of a report to the Joint Legislative Budget Committee on the expenditure of funds make available under subdivision (a). The report shall provide a detailed description of the expenditures made and the planned expenditures from the

funds made available to the department pursuant to this provision.

- (c) No later than December 31 of each year, the department shall submit a report to the Joint Legislative Budget Committee, and the appropriate fiscal and policy committees of each house, on the activities and expenditures for the previous fiscal year for tactical alerts.

2720-001-0293—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the Motor Carriers Safety Improvement Fund..... 2,341,000

2720-001-0840—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the California Motorcyclist Safety Fund..... 1,450,000

2720-001-0890—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the Federal Trust Fund..... 15,434,000

2720-001-0942—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the Hazardous Substance Account, Special Deposit Fund..... 207,000

2720-003-0044—For support of Department of the California Highway Patrol, for rental payments on lease-revenue bonds, payable from Motor Vehicle Account, State Transportation Fund..... 944,000

Schedule:

(1) Base Rental and Fees..... 944,000
Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

2720-011-0942—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the Asset Forfeiture Account, Special Deposit Fund..... 2,054,000

2720-012-0903—For transfer by the Controller from the State Penalty Fund to the California Motorcyclist Safety Fund.....	(250,000)
2720-021-0044—For Department of the California Highway Patrol, for advance authority for the department to incur automotive equipment purchase obligations in an amount not to exceed \$5,000,000 during the 2007–08 fiscal year, for delivery beginning in the 2008–09 fiscal year, payable from the Motor Vehicle Account, State Transportation Fund.....	(5,000,000)
2720-101-0974—For local assistance, Department of the California Highway Patrol, payable from the Peace Officer Memorial Foundation Fund.....	400,000
2720-301-0044—For capital outlay, Department of the California Highway Patrol, payable from the Motor Vehicle Account, State Transportation Fund.....	14,449,000

Schedule:

- (1) 50.40.400-Oakhurst: Replacement Facility—Working drawings..... 636,000
- (1.5) 50.57.507-Santa Fe Springs: Replacement Facility—Acquisition and preliminary plans..... 6,301,000
- (2) 50.62.602-San Diego: Building Alterations—Construction..... 6,223,000
- (3) 50.63.603-Oceanside: Replacement Facility—Working drawings..... 1,064,000
- (4) 50.90.901-Statewide: Studies, pre-planning, and budget packages..... 225,000

2720-495—Reversion, Department of the California Highway Patrol. As of June 30, 2007, the balance specified below of the appropriation provided for in the following citation shall revert to the fund from which the appropriation was made:

0044—Motor Vehicle Account, State Transportation Fund

- (1) Item 2720-001-0044, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), \$16,378,000 appropriated in Schedule (1) 10-Traffic Management

2720-497—Reversion, California Highway Patrol. As of June 30, 2007, the unencumbered balances of the appropriations provided in the following citations shall revert to the balance in the fund from which the appropriations were made:

0044—Motor Vehicle Account, State Transportation Fund

- (1) Item 2720-301-0044, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

(2) 50.57.507-Santa Fe Springs: Replacement Facility—Acquisition and preliminary plans	
(2) Item 2720-301-0044, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)	
(3) 50.57.507-Santa Fe Springs:Replacement Facility—Working drawings	
2740-001-0042—For support of Department of Motor Vehicles, for payment to Item 2740-001-0044, payable from the State Highway Account, State Transportation Fund.....	49,432,000
2740-001-0044—For support of Department of Motor Vehicles, payable from the Motor Vehicle Account, State Transportation Fund.....	485,977,000
Schedule:	
(1) 11-Vehicle/Vessel Identification and Compliance.....	515,617,786
(2) 22-Driver Licensing and Personal Identification.....	237,647,808
(3) 25-Driver Safety.....	114,382,706
(4) 32-Occupational Licensing and Investigative Services.....	46,819,700
(5) 35-New Motor Vehicle Board.....	2,079,000
(6) 41.01-Administration.....	104,445,226
(7) 41.02-Distributed Administration.....	-104,445,226
(8) Reimbursements.....	-16,719,000
(9) Amount payable from the State Highway Account, State Transportation Fund (Item 2740-001-0042).....	-49,432,000
(10) Amount payable from the New Motor Vehicle Board Account (Item 2740-001-0054).....	-2,079,000
(11) Amount payable from the Motor Vehicle License Fee Account, Transportation Tax Fund (Item 2740-001-0064).....	-356,646,000
(12) Amount payable from the Harbors and Watercraft Revolving Fund (Item 2740-001-0516).....	-2,949,000
(13) Amount payable from the Federal Trust Fund (Item 2740-001-0890).....	-2,745,000
Provisions:	
1. No later than December 31 of each year up to and including 2014, the Department of Motor Vehicles shall report to the Joint Legislative	

Budget Committee and the policy committees on transportation on all of the following concerning the Information Technology Modernization project: (a) planned milestone completion dates versus actual milestone completion dates, (b) planned expenditures by phase versus actual expenditures, and (c) description of adherence to scope and reasons for any changes.

2740-001-0054—For support of Department of Motor Vehicles, for payment to Item 2740-001-0044, payable from the New Motor Vehicle Board Account.....	2,079,000
2740-001-0064—For support of Department of Motor Vehicles, for payment to Item 2740-001-0044, payable from the Motor Vehicle License Fee Account, Transportation Tax Fund.....	356,646,000
2740-001-0516—For support of Department of Motor Vehicles, for payment to Item 2740-001-0044, payable from the Harbors and Watercraft Revolving Fund.....	2,949,000
Provisions:	
1. The funds appropriated in this item are for undocumented vessel registration and fee collection.	
2740-001-0890—For support of Department of Motor Vehicles, for payment to Item 2740-001-0044, payable from the Federal Trust Fund.....	2,745,000
2740-301-0042—For capital outlay, Department of Motor Vehicles, for payment to Item 2740-301-0044, payable from the State Highway Account, State Transportation Fund.....	4,798,000
2740-301-0044—For capital outlay, Department of Motor Vehicles, payable from the Motor Vehicle Account, State Transportation Fund.....	51,195,000
Schedule:	
(1) 71.03.024-Sacramento Headquarters: 6th Floor Asbestos Removal, Seismic Retrofit, Office Renovation and Building Re-skin—Construction.....	82,391,000
(2) 71.63.010-Victorville Field Office Reconfiguration Project—Preliminary plans, working drawings, and construction.....	3,824,000

(3) 71.20.020-San Bernardino Field Office Reconfiguration Project—Preliminary plans, working drawings, and construction.....	2,393,000	
(4) 71.06.020-Redding Field Office Reconfiguration Project—Preliminary plans, working drawings, and construction.....	2,371,000	
(4.5) 71.43.020-Stockton Field Office Reconfiguration Project—Preliminary plans.....	309,000	
(5) 71.22.010-Statewide: Studies, pre-planning, and budget packages.....	100,000	
(6) Amount payable from the State Highway Account, State Transportation Fund (Item 2740-301-0042)....	-4,798,000	
(7) Amount payable from the Motor Vehicle License Fee Account, Transportation Tax Fund (Item 2740-301-0064).....	-35,395,000	
2740-301-0064—For capital outlay, Department of Motor Vehicles, for payment to Item 2740-301-0044, payable from the Motor Vehicle License Fee Account, Transportation Tax Fund.....		35,395,000
2740-490—Reappropriation, Department of Motor Vehicles. The balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in this item and shall be available for encumbrance or expenditure until June 30, 2008: 0044—Motor Vehicle Account, State Transportation Fund		
(1) Item 2740-001-0044, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)		
(a) Up to \$5,405,000 of the funds reappropriated in this item from Item 2740-001-0044, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), shall be available for the Remittance System Replacement Project.		
(b) Up to \$11,867,000 of the funds reappropriated in this item from Item 2740-001-0044, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), shall be available for the Web Base Infrastructure Project.		
2740-491—Reappropriation, Department of Motor Vehicles. The amount of \$2,216,000 as specified in the following citations is reappropriated for the purposes provided for in those appropriations and shall be		

available for encumbrance or expenditure until June 30, 2008:

0044—Motor Vehicle Account, State Transportation Fund

(1) \$1,230,000 of Item 2740-301-0044, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

(2) 71.03.024-Sacramento Headquarters: 6th Floor Asbestos Removal, Seismic Retrofit, Office Renovation and Building Re-skin—Working drawings.... 2,216,000

(4) Amount payable from the State Highway Account, State Transportation Fund (Item 2740-301-0042)..... -118,000

(5) Amount payable from the Motor Vehicle License Fee Account, Transportation Tax Fund (Item 2740-301-0064)..... -868,000

0042—State Highway Account, State Transportation Fund

(1) \$118,000 of Item 2740-301-0042, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

0064—Motor Vehicle License Fee Account, Transportation Tax Fund

(1) \$868,000 of Item 2740-301-0064, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

2740-495—Reversion, Department of Motor Vehicles. As of June 30, 2007, the balances specified below of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made:

0044—Motor Vehicle Account, State Transportation Fund

(1) \$2,804,000 or the unexpended balance of the funds appropriated for the Telephone Service Center Project.

RESOURCES

3110-001-0140—For support of Special Resources Program, Program 30—Sea Grant Program, payable from the California Environmental License Plate Fund, for grants to public and private higher education for use as a maximum of two-thirds of the local matching share for projects under the National Sea Grant College Program Act, as amended.....

248,000

3110-101-0001—For local assistance, Special Resources Program, Program 10—Tahoe Regional Planning Agency.....	200,000
Provisions:	
1. Of the funds appropriated in this item, \$100,000 shall be used only for enforcement of the Tahoe Regional Planning Agency regulations mitigating the adverse environmental effects of development near Lake Tahoe.	
3110-101-0071—For local assistance, Special Resources Program, Program 20—Yosemite Foundation, payable from the Yosemite Foundation Account, California Environmental License Plate Fund.....	840,000
Provisions:	
1. There is hereby appropriated to the Special Resources Program for allocation by the Controller to the Yosemite Foundation all moneys deposited in the account for activities authorized pursuant to Section 5064 of the Vehicle Code.	
3110-101-0140—For local assistance, Special Resources Program, Program 10—Tahoe Regional Planning Agency, payable from the California Environmental License Plate Fund.....	3,684,000
3110-101-0516—For local assistance, Special Resources Program, Program 10—Tahoe Regional Planning Agency, payable from the Harbors and Watercraft Revolving Fund.....	124,000
Provisions:	
1. Notwithstanding any other provision of law, funds in this item shall be expended to implement motorized watercraft regulations adopted by the Tahoe Regional Planning Agency.	
3125-001-0001—For support of California Tahoe Conservancy.....	192,000
Schedule:	
(1) 10-Tahoe Conservancy.....	7,084,000
(2) Reimbursements.....	-60,000
(2.5) Less funding provided by capital outlay.....	-876,000
(3) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3125-001-0005).....	-226,000
(4) Amount payable from the California Environmental License Plate Fund (Item 3125-001-0140).....	-3,240,000

(5) Amount payable from the Habitat Conservation Fund (Item 3125-001-0262).....	-112,000	
(6) Amount payable from the Lake Tahoe Conservancy Account (Item 3125-001-0286).....	-457,000	
(7) Amount payable from the Tahoe Conservancy Fund (Item 3125-001-0568).....	-215,000	
(8) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3125-001-6029).....	-71,000	
(9) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3125-001-6031).....	-700,000	
(10) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3125-001-6051).....	-935,000	
3125-001-0005—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....		226,000
3125-001-0140—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the California Environmental License Plate Fund.....		3,240,000
3125-001-0262—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the Habitat Conservation Fund.....		112,000
3125-001-0286—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the Lake Tahoe Conservancy Account.....		457,000
3125-001-0568—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the Tahoe Conservancy Fund.....		215,000
Provisions:		
1. Of this amount, pursuant to Section 66908.3 of the Government Code, the California Tahoe Conservancy shall pay \$49,600 to the County of Placer and \$4,150 to the County of El Dorado.		

- 2. Fifty percent of the amounts pursuant to Provision 1 shall be used by the Counties of Placer and El Dorado for soil erosion control projects in the Lake Tahoe region, as defined in Section 66905.5 of the Government Code.

3125-001-6029—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..... 71,000

3125-001-6031—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.... 700,000

3125-001-6051—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 935,000

3125-101-0005—For local assistance, California Tahoe Conservancy, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund..... 996,000

Schedule:

(1) 10-Tahoe Conservancy..... 996,000
Provisions:

- 1. The acquisition of real property or an interest in real property with funds appropriated in this item is not subject to the Property Acquisition Law when the value is \$550,000 or less, and, therefore, is not subject to approval by the State Public Works Board.
- 2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance. Expenditures of funds for grants to public agencies and grants to nonprofit organizations, as authorized by subdivision (a) of Section 66907.7 of the Government Code, are exempt from review of the State Public Works Board.
- 3. This appropriation shall be available for expenditure until June 30, 2010.

3125-101-6029—For local assistance, California Tahoe Conservancy, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..... 1,122,000
Schedule:

(1) 10-Tahoe Conservancy..... 1,122,000

Provisions:

1. The acquisition of real property or an interest in real property with funds appropriated in this item is not subject to the Property Acquisition Law when the value is \$550,000 or less, and, therefore, is not subject to approval by the State Public Works Board.
2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance. Expenditures of funds for grants to public agencies and grants to nonprofit organizations, as authorized by subdivision (a) of Section 66907.7 of the Government Code, are exempt from review of the State Public Works Board.
3. This appropriation shall be available for expenditure until June 30, 2010.

3125-101-6031—For local assistance, California Tahoe Conservancy, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002..... 9,000,000

Schedule:

(1) 10-Tahoe Conservancy..... 9,000,000

Provisions:

1. The acquisition of real property or an interest in real property with funds appropriated in this item is not subject to the Property Acquisition Law when the value is \$550,000 or less, and, therefore, is not subject to approval by the State Public Works Board.
2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance. Expenditures of funds for grants to public agencies and grants to nonprofit organizations, as authorized by subdivision (a) of Section 66907.7 of the Government Code, are exempt from review of the State Public Works Board.
3. This appropriation shall be available for expenditure until June 30, 2010.

3125-101-6051—For local assistance, California Tahoe Conservancy, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 12,382,000

Schedule:

(1) 10-Tahoe Conservancy..... 12,382,000

Provisions:

1. The acquisition of real property or an interest in real property with funds appropriated in this item

is not subject to the Property Acquisition Law when the value is \$550,000 or less, and, therefore, is not subject to approval by the State Public Works Board.

- 2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance. Expenditures of funds for grants to public agencies and grants to nonprofit organizations, as authorized by subdivision (a) of Section 66907.7 of the Government Code, are exempt from review of the State Public Works Board.
- 3. This appropriation shall be available for expenditure until June 30, 2010.

3125-301-0262—For capital outlay, California Tahoe Conservancy, payable from the Habitat Conservation Fund..... 388,000

Schedule:

- (1) 50.30.003—For land acquisition and site improvements for wildlife enhancement pursuant to Title 7.42 (commencing with Section 66905) of the Government Code..... 388,000

Provisions:

- 1. The acquisition of real property or interests with funds appropriated by this item is not subject to the Property Acquisition Law when the value is less than \$550,000, and therefore is not subject to State Public Works Board approval.
- 2. The amount appropriated in this item is available for expenditure for capital outlay or for local assistance until June 30, 2010. Expenditures of funds for grants to public agencies and grants to nonprofit organizations, as authorized by subdivision (a) of Section 66907.7 of the Government Code, are exempt from State Public Works Board review.

3125-301-0286—For capital outlay, California Tahoe Conservancy, payable from the Lake Tahoe Conservancy Account..... 700,000

Schedule:

- (1) 50.30.002—Land acquisition and site improvements—Public access and recreation pursuant to Title 7.42 (commencing with Section 66905) of the Government Code..... 440,000

- (2) 50.30.004-Land acquisition and site improvements—Stream environment zones and watershed restorations pursuant to Title 7.42 (commencing with Section 66905) of the Government Code..... 700,000
- (3) Reimbursements..... -440,000

Provisions:

- 1. The acquisition of real property or an interest in real property with funds appropriated in this item is not subject to the Property Acquisition Law when the value is less than \$550,000 and, therefore, is not subject to State Public Works Board approval.
- 2. The amount appropriated in this item is available for expenditure for capital outlay or for local assistance until June 30, 2010. Expenditures of funds for grants to public agencies and grants to nonprofit organizations, as authorized by subdivision (a) of Section 66907.7 of the Government Code, are exempt from State Public Works Board review.

3125-301-6051—For capital outlay, California Tahoe Conservancy, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 14,991,000

Schedule:

- (1) 50.30.009-Land acquisition for implementation of the Environmental Improvement Program for Lake Tahoe Basin, pursuant to Title 7.42 (commencing with Section 66905 of the Government Code)..... 14,991,000

Provisions:

- 1. The acquisition of real property or an interest in real property with funds appropriated in this item is not subject to the Property Acquisition Law when the value is \$550,000 or less, and, therefore, is not subject to approval by the State Public Works Board.
- 2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance. Expenditures of funds for grants to public agencies and grants to nonprofit organizations, as authorized by subdivision (a) of Section 66907.7 of the Government Code, are exempt

from the review of the State Public Works Board.

3340-001-0001—For support of California Conservation Corps..... 36,915,000

Schedule:

- (1) 10-Training and Work Program..... 61,678,000
- (2) 20.01-Administration..... 7,783,000
- (3) 20.02-Distributed Administration.... -7,783,000
- (4) Amount payable from the California Environmental License Plate Fund (Item 3340-001-0140)..... -324,000
- (5) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3340-001-0235)..... -324,000
- (6) Amount payable from the Collins-Dugan California Conservation Corps Reimbursement Account (Item 3340-001-0318)..... -23,852,000
- (7) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3340-001-6051)..... -263,000

Provisions:

- 1. Of the funds appropriated in this item, \$2,725,000 shall be available for use by the California Conservation Corps to respond to natural disasters and other emergencies, including the fighting of forest fires. The Director of Finance may adjust this amount to the extent indicated by corrections identified by the director in the reports of the past expenditures of the California Conservation Corps upon which the amounts appropriated by this item are based. The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee at least 30 days prior to making that adjustment.
- 2. To the extent that funds in excess of the amount identified in Provision 1 are necessary in order for the California Conservation Corps to respond to one or more emergencies declared by the Governor, the Department of Finance shall transfer, from the funds available pursuant to Section 8690.6 of the Government Code, an amount not to exceed \$1,500,000 as necessary

to fund that response. If, after the Department of Finance has transferred funds pursuant to this provision, the California Conservation Corps receives reimbursements or other amounts in payment of its costs of response to one or more declared emergencies, those amounts shall be deposited in the General Fund.

3340-001-0140—For support of California Conservation Corps, for payment to Item 3340-001-0001, payable from the California Environmental License Plate Fund.....	324,000
3340-001-0235—For support of California Conservation Corps, for payment to Item 3340-001-0001, payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund.....	324,000
3340-001-0318—For support of California Conservation Corps, for payment to Item 3340-001-0001, payable from the Collins-Dugan California Conservation Corps Reimbursement Account.....	23,852,000

Provisions:

1. Notwithstanding Section 14316 of the Public Resources Code, the Department of Finance may make a loan from the General Fund to the Collins-Dugan California Conservation Corps Reimbursement Account for the purposes of this item, in the amount of 25 percent of the reimbursements anticipated in the Collins-Dugan California Conservation Corps Reimbursement Account to be received by the California Conservation Corps from each client agency, not to exceed an aggregate total of \$5,963,000 to meet cashflow needs due to delays in collecting reimbursements. Any loan made by the Department of Finance pursuant to this provision shall only be made if the California Conservation Corps has a valid contract or certification signed by the client agency, which demonstrates that sufficient funds will be available to repay the loan. All moneys so transferred shall be repaid to the General Fund as soon as possible, but not later than one year from the date of the loan. On and after a date of 90 days after the end of that year, the Department of Finance shall charge interest to the California Conservation Corps, at the rate earned in the Pooled Money Investment Fund, on any portion of the loan that has not been repaid.

2.	Notwithstanding Section 28.50, the Department of Finance may augment this item to reflect increases in reimbursements in the Collins-Dugan California Conservation Corps Reimbursement Account received from another officer, department, division, bureau, or other agency of the state.	
3340-001-6051	—For support of California Conservation Corps, for payment to Item 3340-001-0001, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....	263,000
3340-101-6051	—For local assistance, California Conservation Corps, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....	12,000,000
3340-301-0001	—For capital outlay, California Conservation Corps.....	3,691,000
	Schedule:	
(1)	20.10.140-Minor Capital Outlay....	184,000
(2)	20.10.192-Sierra Placer Municipal Sewer/Water Connection—Construction.....	3,507,000
3340-301-0660	—For capital outlay, California Conservation Corps, payable from the Public Buildings Construction Fund.....	17,432,000
	Schedule:	
(1)	20.10.145-Camarillo Satellite Relocation/Construction—Construction.....	17,432,000
	Provisions:	
1.	The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the acquisition, design, and construction of the project authorized by this item.	
2.	The State Public Works Board and the California Conservation Corps may obtain interim financing for the project costs authorized in this item from any appropriate source, including, but not limited to, the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.	
3.	The State Public Works Board may authorize the augmentation of the costs of acquisition,	

design, and construction of the project scheduled in this item pursuant to the board's authority under Section 13332.11 of the Government Code. In addition, the State Public Works Board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing a debt service fund and the cost of issuance of permanent financing for the project. This additional amount may include interest payable on any interim financing obtained.

4. The California Conservation Corps is authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the financing of the project authorized in this item.
5. The State Public Works Board shall not be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This provision does not exempt the California Conservation Corps from the requirements of the California Environmental Quality Act. This provision is intended to be declarative of existing law.

3340-490—Reappropriation, California Conservation Corps. The balances of the appropriations provided in the following citations, or the amounts specified, are reappropriated for the purposes provided for in the appropriations and shall be available for encumbrance or expenditure until June 30, 2008:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

- (1) Item 3340-101-0005, Budget Act of 2004 (Ch. 208, Stats. 2004), as reappropriated by Item 3340-491, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as reappropriated by Item 3340-401, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), for local assistance to local conservation corps. Of that amount, \$384,000 shall be for the Fresno Local Corps for the construction of a recreation building with a neighborhood youth center.

3340-495—Reversion, California Conservation Corps. As of June 30, 2007, the unencumbered balance of the appropriation provided for in the following citation shall revert to the fund from which the appropriation was made:	
0660—Public Buildings Construction Fund	
(1) Item 3340-301-0660, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as reappropriated by Item 3340-490, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)	
(2) 20.10.145-Camarillo Satellite Relocation/Construction—Working drawings and construction	
3340-496—Reversion, California Conservation Corps. As of June 30, 2007, the balance specified below of the appropriation provided in the following citation shall revert to the balance of the fund from which the appropriation was made:	
6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	
(1) \$106,000 from Item 3340-101-6029, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 3300-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)	
3360-001-0044—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Motor Vehicle Account, State Transportation Fund....	139,000
3360-001-0381—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Public Interest Research, Development, and Demonstration Fund.....	70,963,000
Provisions:	
1. Notwithstanding subdivision (a) of Section 1.80, funds appropriated in this item shall be available for expenditure during the 2007–08 and 2008–09 fiscal years.	
2. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2013.	
3. Notwithstanding any other provision of law other than the provisions of this item, funds appropriated in this item may be used by the Energy Resources Conservation and Development Commission to provide grants, loans, or re-	

payable research contracts. The commission may use a high-point scoring method in lieu of lowest cost when evaluating proposals. The commission shall determine repayment terms.

3360-001-0382—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Renewable Resource Trust Fund.....	7,692,000
3360-001-0465—For support of Energy Resources Conservation and Development Commission, payable from the Energy Resources Programs Account.....	59,996,000
Schedule:	
(1) 10-Regulatory and Planning.....	27,756,000
(2) 20-Energy Resources Conservation.....	21,388,000
(3) 30-Development.....	128,807,000
(4) 40.01-Policy, Management and Administration.....	13,360,000
(5) 40.02-Distributed Policy, Management and Administration.....	-13,360,000
(6) Reimbursements.....	-6,711,000
(7) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 3360-001-0044)....	-139,000
(8) Amount payable from the Public Interest Research, Development and Demonstration Fund (Item 3360-001-0381).....	-70,963,000
(9) Amount payable from the Renewable Resource Trust Fund (Item 3360-001-0382).....	-7,692,000
(10) Amount payable from the Energy Technologies Research Development and Demonstration Account (Item 3360-001-0479).....	-250,000
(11) Amount payable from the Local Government Geothermal Resources Revolving Subaccount, Geothermal Resources Development Account (Item 3360-001-0497).....	-307,000
(12) Amount payable from the Federal Trust Fund (Item 3360-001-0890).....	-12,390,000
(13) Amount payable from the Energy Facility License and Compliance Fund (Item 3360-001-3062).....	-1,503,000

(14) Amount payable from Natural Gas Subaccount, Public Interest Research, Development and Demonstration Fund (Item 3360-001-3109).....	-18,000,000
Provisions:	
1. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item for the Energy Technology Export Program shall be available for liquidation of encumbrances until June 30, 2011.	
3360-001-0479—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Energy Technologies Research, Development and Demonstration Account, for the purpose of funding loans and technical assistance pursuant to Section 25650 of the Public Resources Code.....	250,000
Provisions:	
1. Notwithstanding subdivision (a) of Section 1.80, funds appropriated in this item shall be available for expenditure during the 2007–08 and 2008–09 fiscal years.	
2. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2011.	
3. Pursuant to Section 25650 of the Public Resources Code, up to 20 percent of the annual appropriation shall be available for technical assistance.	
3360-001-0497—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Local Government Geothermal Resources Revolving Subaccount, Geothermal Resources Development Account.....	307,000
3360-001-0890—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Federal Trust Fund.....	12,390,000
3360-001-3062—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Energy Facility License and Compliance Fund.....	1,503,000

3360-001-3109—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Natural Gas Subaccount, Public Interest Research, Development and Demonstration Fund..... 18,000,000
Provisions:

1. Notwithstanding subdivision (a) of Section 1.80, funds appropriated in this item shall be available for expenditure during the 2007–08 and 2008–09 fiscal years.
2. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2013.
3. Notwithstanding any other provision of law other than the provisions of this item, funds appropriated in this item may be used by the Energy Resources Conservation and Development Commission to provide grants, loans, or repayable research contracts. The commission may use a high-point scoring method in lieu of lowest cost when evaluating proposals. The commission shall determine repayment terms.

3360-011-3015—For transfer by the Controller from the Gas Consumption Surcharge Fund to the Natural Gas Subaccount, Public Interest Research, Development, and Demonstration Fund..... (18,000,000)

3360-101-0497—For local assistance, Energy Resources Conservation and Development Commission, pursuant to Section 3822 of the Public Resources Code, payable from the Local Government Geothermal Resources Revolving Subaccount, Geothermal Resources Development Account..... 3,000,000
Schedule:

(1) 30-Development..... 3,000,000
Provisions:

1. Funds appropriated in this item shall be available for expenditure until June 30, 2009.
2. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation until June 30, 2011.

3360-490—Reappropriation, Energy Resources Conservation and Development Commission. Notwithstanding any other provision of law, the period to liquidate encumbrance of the following citations is extended to June 30, 2008:

0381—Public Interest Research, Development, and Demonstration Fund	
(1) Item 3360-001-0381, Budget Act of 2001 (Ch. 106, Stats. 2001)	
0465—Energy Resources Programs Account	
(1) Item 3360-001-0465, Budget Act of 2002 (Ch. 379, Stats. 2002)	
3360-491—Reappropriation, Energy Resources Conservation and Development Commission. Notwithstanding any other provision of law, the period to liquidate encumbrance of the following citation is extended to June 30, 2010:	
0381—Public Interest Research, Development, and Demonstration Fund	
(1) Item 3360-001-0381, Budget Act of 2002 (Ch. 379, Stats. 2002)	
3460-001-0001—For support of Colorado River Board of California.....	0
Schedule:	
(1) 10-Protection of California’s Colorado River Rights and Interests....	1,519,000
(2) Reimbursements.....	-1,519,000
3480-001-0001—For support of Department of Conservation.....	4,668,000
Schedule:	
(1) 10-Geologic Hazards and Mineral Resources Conservation.....	24,227,000
(2) 20-Oil, Gas, and Geothermal Resources.....	19,793,000
(3) 30-Land Resource Protection.....	5,006,000
(4) 40.01-Administration.....	13,296,000
(5) 40.02-Distributed Administration.....	-13,296,000
(6) 50-Beverage Container Recycling and Litter Reduction Program.....	50,003,000
(7) 60-Office of Mine Reclamation.....	6,860,000
(8) Reimbursements.....	-9,046,000
(10) Amount payable from the Surface Mining and Reclamation Account (Item 3480-001-0035).....	-2,664,000
(11) Amount payable from the State Highway Account, State Transportation Fund (Item 3480-001-0042)....	-12,000
(12) Amount payable from the California Beverage Container Recycling Fund (Item 3480-001-0133).....	-49,903,000

- (13) Amount payable from the Soil Conservation Fund (Item 3480-001-0141)..... -3,519,000
- (14) Amount payable from the Hazardous and Idle-Deserted Well Abatement Fund (Section 3206, Public Resources Code)..... -100,000
- (15) Amount payable from the Mine Reclamation Account (Item 3480-001-0336)..... -3,342,000
- (16) Amount payable from the Strong Motion Instrumentation and Seismic Hazards Mapping Fund (Item 3480-001-0338)..... -9,384,000
- (17) Amount payable from the Federal Trust Fund (Item 3480-001-0890)..... -1,809,000
- (18) Amount payable from the Bosco Keene Renewable Resources Investment Fund (Item 3480-001-0940)..... -1,002,000
- (18.5) Amount payable from the Acute Orphan Well Account, Oil, Gas, and Geothermal Administrative Fund (Item 3480-001-3102)..... -1,400,000
- (19) Amount payable from the Abandoned Mine Reclamation and Mineral Fund Subaccount, Mine Reclamation Account (Item 3480-001-3025)..... -418,000
- (20) Amount payable from the Oil, Gas, and Geothermal Administrative Fund (Item 3480-001-3046).... -17,235,000
- (21) Amount payable from the Agriculture and Open Space Mapping Subaccount (Item 3480-001-6004)..... -436,000
- (22) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Fund of 2002 (Item 3480-001-6029)..... -551,000
- (23) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3480-001-6031)..... -400,000

(24) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Fund of 2006 (Item 3480-001-6051)..... 0

Provisions:

1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the Department of Conservation may borrow sufficient funds, from special funds that otherwise provide support for the department, to meet cashflow needs due to delays in collecting reimbursements. Any loan made by the Department of Finance pursuant to this provision may be made only if the Department of Conservation has a valid contract or certification signed by the client agency, which demonstrates that sufficient funds will be available to repay the loan. All money so transferred shall be repaid to the special fund as soon as possible, but not later than one year from the date of the loan.

3480-001-0035—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Surface Mining and Reclamation Account..... 2,664,000

3480-001-0042—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the State Highway Account, State Transportation Fund..... 12,000

Provisions:

1. The funds appropriated in this item are for the state's share of costs of the California Institute of Technology seismograph network.

3480-001-0133—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the California Beverage Container Recycling Fund..... 49,903,000

3480-001-0141—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Soil Conservation Fund..... 3,519,000

3480-001-0336—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Mine Reclamation Account..... 3,342,000

3480-001-0338—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Strong Motion Instrumentation and Seismic Hazards Mapping Fund..... 9,384,000

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3480-001-0890—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Federal Trust Fund.....	1,809,000
3480-001-0940—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Bosco Keene Renewable Resources Investment Fund.....	1,002,000
3480-001-3025—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Abandoned Mine Reclamation and Minerals Fund Subaccount, Mine Reclamation Account.....	418,000
3480-001-3046—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Oil, Gas, and Geothermal Administrative Fund.....	17,235,000
3480-001-3102—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Acute Orphan Well Account, Oil, Gas, and Geothermal Administrative Fund.....	1,400,000
3480-001-6004—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Agriculture and Open Space Mapping Subaccount.....	436,000
3480-001-6029—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund of 2002.....	551,000
3480-001-6031—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.....	400,000
3480-101-6031—For local assistance, Department of Conservation, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.....	1,000,000
Provisions:	
1. The funds appropriated in this item shall be available for expenditure until June 30, 2010.	
3480-490—Reappropriation, Department of Conservation. The amounts specified in the following citations are reappropriated for the purposes provided for in the appropriations and shall be available for encumbrance or expenditure until June 30, 2008.	
6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	

(1) \$14,944,000 in Item 3480-101-6029, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for local assistance.	
6031—Water Security, Clean Drinking Water, Coastal and Beach Protection Bond Fund of 2002	
(2) \$3,000,000 in Item 3480-101-6031, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for local assistance.	
3540-001-0001—For support of Department of Forestry and Fire Protection.....	547,282,000
Schedule:	
(1) 10-Office of the State Fire Marshal.....	15,767,000
(2) 11-Fire Protection.....	887,857,000
(3) 12-Resource Management.....	61,191,000
(4) 20.01-Administration.....	67,006,000
(5) 20.02-Distributed Administration.....	-66,382,000
(6) Reimbursements.....	-258,075,000
(7) Less funding provided by capital outlay.....	-13,938,000
(8) Amount payable from the General Fund (Item 3540-006-0001).....	-82,408,000
(9) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3540-001-0005).....	-196,000
(9.5) Amount payable from the State Emergency Telephone Number Account (Item 3540-001-0022)....	-6,678,000
(10) Amount payable from the Unified Program Account (Item 3540-001-0028).....	-340,000
(11) Amount payable from the State Fire Marshal Licensing and Certification Fund (Item 3540-001-0102)....	-2,587,000
(12) Amount payable from the California Environmental License Plate Fund (Item 3540-001-0140).....	-470,000
(13) Amount payable from the California Fire and Arson Training Fund (Item 3540-001-0198).....	-1,732,000
(14) Amount payable from the Hazardous Liquid Pipeline Safety Fund (Item 3540-001-0209).....	-3,026,000

(15) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3540-001-0235).....	-423,000
(16) Amount payable from the Professional Forester Registration Fund (Item 3540-001-0300).....	-209,000
(17) Amount payable from the Federal Trust Fund (Item 3540-001-0890).....	-29,791,000
(18) Amount payable from the Forest Resources Improvement Fund (Item 3540-001-0928).....	-7,814,000
(19) Amount payable from the Timber Tax Fund (Item 3540-001-0965)....	-33,000
(20) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3540-001-6029).....	-8,559,000
(21) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3540-001-6031)....	-219,000
(22) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3540-001-6051).....	-1,659,000

Provisions:

1. Notwithstanding any other provision of law, the Department of Finance may authorize the temporary or permanent redirection of funds from this item for purposes of emergency fire suppression and detection costs and related emergency refutation costs.
2. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund, in an amount not to exceed 35 percent of reimbursements appropriated in this item, to the Department of Forestry and Fire Protection, provided that:
 - (a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for services provided.
 - (b) The loan is for a short term and shall be repaid by September 30 of the fiscal year fol-

lowing that in which the loan was authorized.

- (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
- (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time that the chairperson of the joint committee, or his or her designee, may determine.

3540-001-0005—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....	196,000
3540-001-0022—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the State Emergency Telephone Number Account.....	6,678,000
3540-001-0028—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Unified Program Account....	340,000
3540-001-0102—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the State Fire Marshal Licensing and Certification Fund.....	2,587,000
3540-001-0140—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the California Environmental License Plate Fund.....	470,000
3540-001-0198—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the California Fire and Arson Training Fund.....	1,732,000
3540-001-0209—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the California Hazardous Liquid Pipeline Safety Fund.....	3,026,000

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3540-001-0235—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund.....		423,000
3540-001-0300—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Professional Forester Registration Fund.....		209,000
3540-001-0890—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Federal Trust Fund.....		29,791,000
3540-001-0928—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Forest Resources Improvement Fund.....		7,814,000
3540-001-0965—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Timber Tax Fund.....		33,000
3540-001-6029—For support of the Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund.....		8,559,000
3540-001-6031—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.....		219,000
3540-001-6051—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....		1,659,000
3540-003-0001—For support of Department of Forestry and Fire Protection for rental payments on lease-revenue bonds.....		3,917,000
Schedule:		
(1) Base Rental and Fees.....	4,214,000	
(2) Insurance.....	58,000	
(3) Reimbursements.....	-355,000	
Provisions:		
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.		

- 2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

3540-006-0001—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001..... 82,408,000

Provisions:

- 1. The funds appropriated in this item shall be available for emergency fire suppression and detection costs and related emergency revegetation costs and may be used for these purposes to reimburse the main support appropriation (Item 3540-001-0001) only upon approval by the Department of Finance.
- 2. The Director of Forestry and Fire Protection shall furnish quarterly reports on expenditures for emergency fire suppression activities to the Director of Finance, the Chairperson of the Joint Legislative Budget Committee, and the fiscal and appropriate policy committees of each house. The Director of Finance may authorize expenditures in excess of the amount appropriated in this item by an amount necessary to fund emergency fire suppression costs. This authorization shall occur not less than 30 days after the receipt by the Legislature of the quarterly expenditure report from the Department of Forestry and Fire Protection.

3540-101-0005—For local assistance, Department of Forestry and Fire Protection, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund..... 1,685,000

3540-101-6029—For local assistance, Department of Forestry and Fire Protection, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..... 2,759,000

Provisions:

- 1. The funds appropriated in this item shall be expended on grants consistent with the priorities set out in the California Urban Forestry Act of 1978.

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3540-101-6051—For local assistance, Department of Forestry and Fire Protection, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....	2,831,000
3540-301-0001—For capital outlay, Department of Forestry and Fire Protection.....	8,388,000
Schedule:	
(1) 30.20.270-Bear Valley Helitack Base / Forest Fire Station: Replace Water System—Acquisition.....	533,000
(2) 30.30.060-Hemet-Ryan Air Attack Base: Replace Facility—Preliminary plans and working drawings....	40,000
(2.5) 30.30.150-Nipomo Forest Fire Station: Replace Facility—Construction.....	268,000
(3) 30.40.006-Pine Mountain Forest Fire Station: Relocate Facility—Acquisition.....	335,000
(4) 30.40.020-Batterson Forest Fire Station: Relocate Facility—Construction.....	4,284,000
(5) 30.40.150-Baseline Conservation Camp: Remodel Facility—Working drawings.....	147,000
(6) 30.80-Minor capital outlay.....	2,781,000
Provisions:	
1. The funds appropriated by Schedules (2) and (6) include funding for construction and preconstruction activities, including, but not limited to, study, environmental documents, preliminary plans, working drawings, equipment, and other costs relating to the design and construction of facilities, that may be performed by the Department of Forestry and Fire Protection, subject to approval by the Department of Finance. While the Department of Forestry and Fire Protection may manage these projects, the projects are subject to review by the State Public Works Board.	
3540-301-0660—For capital outlay, Department of Forestry and Fire Protection, payable from the Public Buildings Construction Fund.....	156,021,000

Schedule:

(0.5)	30.10.125-Mendocino Ranger Unit Headquarters: Replace Automotive Shop—Construction.....	129,000
(1)	30.10.195-Las Posadas Forest Fire Station: Replace Facility—Preliminary plans, working drawings, and construction.....	4,784,000
(2)	30.20.001-Fawn Lodge Forest Fire Station: Replace Facility and Install New Well—Preliminary plans, working drawings, and construction.....	6,664,000
(3)	30.20.006-Red Bluff Forest Fire Station / Unit Headquarters: Replace Forest Fire Station and Various Unit Headquarters Buildings—Preliminary plans, working drawings, and construction.....	25,923,000
(4)	30.20.008-Westwood Forest Fire Station: Replace Facility—Preliminary plans, working drawings, and construction.....	5,733,000
(5)	30.30.200-Paso Robles Forest Fire Station: Replace Facility—Preliminary plans, working drawings, and construction.....	8,115,000
(6)	30.20.230-Bieber Forest Fire Station / Helitack Base: Relocate Facility—Acquisition, preliminary plans, working drawings, and construction.....	19,938,000
(7)	30.20.245-Ishi Conservation Camp: Replace Facility—Preliminary plans, working drawings, and construction.....	32,107,000
(7.6)	30.30.115-Ventura Youth Conservation Camp: Construct Vehicle Apparatus Building, Shop, Warehouse—Working drawings and construction	344,000
(7.7)	30.30.160-South Operations Area Headquarters: Relocate Facility—Acquisition, working drawings, and construction.....	6,003,000

(8)	30.40.007-Growlersburg Conservation Camp: Replace Facility—Preliminary plans, working drawings, and construction.....	45,534,000
(9)	30.40.125-Twain Harte Forest Fire Station: Replace Facility—Construction.....	187,000
(10)	30.40.145-Bautista Conservation Camp: Replace Modular Buildings—Construction.....	2,355,000
(11)	30.40.195-Altaville Forest Fire Station: Replace Facility—Construction.....	507,000
(12)	Reimbursements.....	-2,302,000

Provisions:

1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the acquisition, design, and construction of the projects authorized by this item.
2. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for expenditure during the 2007–08 fiscal year, except appropriations for acquisitions which shall be available for expenditure until June 30, 2010, appropriations for working drawings which shall be available for expenditure until June 30, 2009, and appropriations for construction which shall be available for expenditure until June 30, 2012. In addition, the balance of funds appropriated for construction that have not been allocated, through fund transfer or approval to bid, by the Department of Finance on or before June 30, 2010, shall revert as of that date to the fund from which the appropriation was made.
3. The Department of Forestry and Fire Protection and the State Public Works Board are authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
4. The State Public Works Board shall not be deemed a lead or responsible agency for purpos-

es of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This section does not exempt the Department of Forestry and Fire Protection from the requirements of the California Environmental Quality Act. This section is intended to be declarative of existing law.

- 5. The funds appropriated in Schedules (1), (2), (4), and (5) include funding for construction and preconstruction activities, including, but not limited to, study, environmental documents, preliminary plans, working drawings, equipment, and other costs relating to the design and construction of forest fire station facilities, that may be performed by the Department of Forestry and Fire Protection, subject to approval by the Department of Finance. While the Department of Forestry and Fire Protection may manage these projects, the projects are subject to review by the State Public Works Board and require authorization to proceed to bid from the Department of Finance.

3540-301-0890—For capital outlay, Department of Forestry and Fire Protection, payable from the Federal Trust Fund..... 1,913,000

Schedule:

- (1) 30.30.160-South Operations Area
Headquarters: Relocate Facility—Construction..... 1,913,000

3540-401—Of the amount loaned pursuant to Provision 2 of Item 3540-301-0660, Budget Act of 1999 (Ch. 50, Stats. 1999), \$1,496,000 will not be required to be repaid.

3540-491—Reappropriation, Department of Forestry and Fire Protection. The balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for by the appropriations:

0001—General Fund

- (1) Item 3540-301-0001, Budget Act of 2004 (Ch. 208, Stats. 2004)

- (4) 30.10.255-Mt. St. Helena: Communication Facility: Renovation—Preliminary plans, working drawings, and construction
- (2) Item 3540-301-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - (2) 30.40.020-Batterson Forest Fire Station: Relocate Facility—Preliminary plans and working drawings
 - (3) 30.40.110-Hollister Air Attack Base: Relocate Facility—Acquisition and working drawings
 - (5) 30.60.041-Statewide: Replace Communications Facilities, Phase IV—Preliminary plans and working drawings
 - (6) 30.60.050-Statewide: Construct Communications Facilities—Working drawings and construction
 - (7) 30.80-Minor capital outlay
- 0660—Public Buildings Construction Fund
 - (1) Item 3540-301-0660, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)
 - (0.5) 30.10.005-Alma Helitack Base: Replace Facility—Preliminary plans, working drawings, and construction
 - (1) 30.10.055-Ukiah Air Attack Base: Relocate Facility—Acquisition, preliminary plans, working drawings, and construction
 - (3.4) 30.30.075-Warner Springs Forest Fire Station: Replace Facility—Acquisition, preliminary plans, working drawings, and construction
 - (3.75) 30.40.125-Twain Harte Forest Fire Station: Relocate Facility—Preliminary plans, working drawings, and construction
 - (3.9) 30.40.145-Bautista Conservation Camp: Replace Modular Buildings—Preliminary plans, working drawings, and construction
 - (3.95) 34.40.195-Altaville Forest Fire Station: Replace Facility—Working drawings and construction
 - (4) 30.60.045-Statewide: Construct Forest Fire Stations—Preliminary plans, working drawings, and construction
 - (2) Item 3540-301-0660, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

(1) 30.10.265-North Region Forest Fire Station Facilities—Preliminary plans, working drawings, and construction	
3540-495—Reversion, Department of Forestry and Fire Protection. As of June 30, 2007, the unencumbered balance of the appropriations provided for in the following citations shall revert to the balance of the fund from which the appropriation was made:	
0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund:	
(2) Item 3540-001-0005, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)	
3540-496—Reversion, Department of Forestry and Fire Protection. As of June 30, 2007, the unencumbered balances of the appropriations provided for in the following citations shall revert to the balance of the fund from which the appropriations were made:	
0001—General Fund	
(1) Item 3540-301-0001, Budget Act of 2004 (Ch. 208, Stats. 2004)	
(3) 30.10.125-Mendocino Ranger Unit Headquarters: Replace Automotive Shop—Acquisition	
(2) Item 3540-301-0001, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)	
(3.3) 30.30.060-Hemet-Ryan Air Attack Base: Replace Facility—Acquisition and construction	
3560-001-0001—For support of State Lands Commission.....	10,213,000
Schedule:	
(1) 10-Mineral Resources Management.....	8,144,000
(2) 20-Land Management.....	9,547,000
(3) 30.01-Executive and Administration.....	3,456,000
(4) 30.02-Distributed Administration....	-3,456,000
(5) 40-Marine Facilities Management.....	10,919,000
(6) Reimbursements.....	-3,554,000
(7) Amount payable from the Marine Invasive Species Control Fund (Item 3560-001-0212).....	-3,015,000
(8) Amount payable from the Oil Spill Prevention and Administration Fund (Item 3560-001-0320).....	-10,923,000

(8.5) Amount payable from the School Land Bank Fund (Item 3560-001-0347).....	-470,000	
(9) Amount payable from the Land Bank Fund (Item 3560-001-0943)....	-435,000	
Provisions:		
1. Notwithstanding subdivision (d) of Section 4 of Chapter 138 of the Statutes of 1964, 1st Extraordinary Session, all commission costs for administering the Long Beach Tidelands, exclusive of any Attorney General charges, shall be funded from revenues deposited into the General Fund pursuant to paragraph (1) of subdivision (a) of Section 6217 of the Public Resources Code.		
2. All costs incurred to manage state school lands shall be deducted from the revenues produced by those lands and deposited into the General Fund pursuant to Section 24412 of the Education Code.		
3560-001-0212—For support of State Lands Commission, for payment to Item 3560-001-0001, payable from the Marine Invasive Species Control Fund.....		3,015,000
3560-001-0320—For support of State Lands Commission, for payment to Item 3560-001-0001, payable from the Oil Spill Prevention and Administration Fund.....		10,923,000
3560-001-0347—For support of State Lands Commission, for payment to Item 3560-001-0001, payable from the School Land Bank Fund.....		470,000
3560-001-0943—For support of State Lands Commission, for payment to Item 3560-001-0001, payable from the Land Bank Fund.....		435,000
3560-301-0001—For capital outlay, State Lands Commission.....		308,000
Schedule:		
(1) 20.10-Huntington Beach Field Office Replacement—Preliminary plans.....	308,000	
3600-001-0001—For support of Department of Fish and Game.....		84,503,000
Schedule:		
(1) 20-Biodiversity Conservation Program.....	233,369,000	
(2) 25-Hunting, Fishing and Public Use.....	68,523,000	
(3) 30-Management of Department Lands and Facilities.....	54,180,000	

(4) 40-Enforcement.....	61,705,000
(4.5) 45-Communication, Education and Outreach.....	918,000
(5) 50-Spill Prevention and Response....	34,079,000
(6) 70.01-Administration.....	44,173,000
(7) 70.02-Distributed Administration.....	-44,173,000
(8) Reimbursements.....	-69,745,000
(9) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3600-001-0005).....	-741,000
(10) Amount payable from the California Environmental License Plate Fund (Item 3600-001-0140).....	-16,710,000
(11) Amount payable from the Fish and Game Preservation Fund (Item 3600-001-0200).....	-85,358,000
(12) Amount payable from the Fish and Wildlife Pollution Account (Item 3600-001-0207).....	-2,594,000
(13) Amount payable from the California Waterfowl Habitat Preservation Account, Fish and Game Preservation Fund (Item 3600-001-0211)....	-236,000
(14) Amount payable from the Marine Invasive Species Control Fund (Item 3600-001-0212).....	-1,299,000
(15) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3600-001-0235).....	-2,874,000
(16) Amount payable from the Oil Spill Prevention and Administration Fund (Item 3600-001-0320).....	-24,517,000
(17) Amount payable from the Environmental Enhancement Fund (Item 3600-001-0322).....	-331,000
(18) Amount payable from the Central Valley Project Improvement Subaccount (Item 3600-001-0404).....	-56,000
(19) Amount payable from the Federal Trust Fund (Item 3600-001-0890).....	-57,701,000

(20) Amount payable from the Special Deposit Fund (Item 3600-001-0942).....	-1,435,000
(21) Amount payable from the Hatchery and Inland Fisheries Fund (Item 3600-001-3103).....	-15,214,000
(22) Amount payable from the Coastal Wetlands Account (Item 3600-001-3104).....	-974,000
(23) Amount payable from the Yuba Feather Flood Protection Subaccount (Item 3600-001-6010).....	-7,445,000
(24) Amount payable from the Interim Water Supply and Water Quality Infrastructure and Management Subaccount (Item 3600-001-6027).....	-2,126,000
(25) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3600-001-6031).....	-7,046,000
(26) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3600-001-6051).....	-55,726,000
(27) Amount payable from the Salton Sea Restoration Fund (Item 3600-001-8018).....	-16,018,000
(28) Amount payable from the California Sea Otter Fund (Item 3600-001-8047).....	-125,000

Provisions:

1. The funds appropriated in this item may be increased with the approval of, and under the conditions set by, the Department of Finance to meet current obligations proposed to be funded in Schedules (8) and (20). The funds appropriated in this item shall not be increased until the Department of Fish and Game has a valid contract, signed by the client agency, that provides sufficient funds to finance the increased authorization. This increased authorization may not be used to expand services or create new obligations.

Reimbursements received under Schedules (8) and (20) shall be used in repayment of any funds

used to meet current obligations pursuant to this provision.	
2. Of the funds appropriated in this item, at least \$3,470,000 shall be available for implementation of the Marine Life Protection Act.	
3. Of the funds appropriated in this item, at least \$5,000,000 is available for implementation of bottom trawling regulation, aquaculture regulations, the Marine Life Protection Act, and the Marine Life Management Act.	
4. Funding received from the San Francisco Public Utilities Commission for review and permitting of projects related to the San Francisco Public Utilities Commission Water System Improvement Program shall not be used for preparation of California Environmental Quality Act documents.	
5. Of the amount appropriated in this item, \$3,000,000 shall be used for the purposes of relocating and expanding the Academy, for improvements in the hiring process of wardens, and for warden overtime pay. It is the intent of the Legislature to have the game warden compensation and staffing concerns addressed by the administration.	
6. The funds appropriated in this item for purposes of subdivision (n) of Section 75050 of the Public Resources Code may only be used, consistent with the terms of the settlement agreement in NRDC v. Rodgers, for the following: studies, baseline monitoring, and other project planning, management, and research costs; establishment, operation, and other costs of the Technical Advisory Committee; and the establishment, operation, and other costs of the Restoration Administrator. To the extent that the Technical Advisory Committee gives advice directly to state agencies, the Technical Advisory Committee shall play only an advisory role to the state.	
3600-001-0005—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....	741,000
3600-001-0140—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the California Environmental License Plate Fund.....	16,710,000

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3600-001-0200—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Fish and Game Preservation Fund.....		85,358,000
Provisions:		
1. Of the funds appropriated in this item, \$203,000 is for reimbursement to the State Department of Public Health for shellfish monitoring activities.		
3600-001-0207—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Fish and Wildlife Pollution Account.....		2,594,000
3600-001-0211—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the California Waterfowl Habitat Preservation Account, Fish and Game Preservation Fund.....		236,000
3600-001-0212—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Marine Invasive Species Control Fund.....		1,299,000
3600-001-0235—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund.....		2,874,000
3600-001-0320—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Oil Spill Prevention and Administration Fund.....		24,517,000
3600-001-0322—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Environmental Enhancement Fund.....		331,000
3600-001-0404—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Central Valley Project Improvement Sub-account.....		56,000
3600-001-0890—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Federal Trust Fund.....		57,701,000
3600-001-0942—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Special Deposit Fund.....		1,435,000
3600-001-3103—For support of Department of Fish and Game, payable from the Hatchery and Inland Fisheries Fund.....		15,214,000
3600-001-3104—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Coastal Wetlands Account.....		974,000

3600-001-6010—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Yuba Feather Flood Protection Subaccount..... 7,445,000

3600-001-6027—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Interim Water Supply and Water Quality Infrastructure and Management Subaccount..... 2,126,000

Provisions:

1. All funds provided in this item for San Joaquin River Restoration activities shall be available to support any final settlement by plaintiffs, federal defendants, and the Friant defendants in the litigation titled Natural Resources Defense Council v. Rodgers (2005) 381 F.Supp.2d 1212 (NRDC v. Rodgers). All such funds provided to the Department of Water Resources and the Department of Fish and Game shall be expended to do all of the following:
 - (a) Further the ecosystem restoration and water management goals and purposes of the settlement in NRDC v. Rodgers, including any Department of Water Resources and Department of Fish and Game activities described in the Budget Change Proposals that are not inconsistent with that settlement.
 - (b) Support cooperation between and among the state agencies and parties settling NRDC v. Rodgers in implementing that settlement.
 - (c) Provide funding for any independent implementation or administration of the settlement that is not to be carried out by any settling party, including funding for any technical committees other than committees staffed or funded by the federal defendants, as called for by the settlement for the period of July 1, 2006, to June 30, 2009, inclusive.
 - (d) Exercise the State of California's sovereignty over the San Joaquin River, consistent with the settlement and any federal legislation implementing that settlement.

If the specified parties do not achieve a final settlement, then until a settlement is finalized, the Department of Water Resources and the Department of Fish and Game may expend this funding consistent with the Budget Change Proposal, for the purposes of promoting a final

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settlement or improving fish passage and related river habitat restoration projects on the San Joaquin River system between Friant Dam and the confluence of the Merced River.	
3600-001-6031—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.....	7,046,000
3600-001-6051—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....	55,726,000
3600-001-8018—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Salton Sea Restoration Fund.....	16,018,000
3600-001-8047—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the California Sea Otter Fund.....	125,000
3600-002-6051—For transfer by the Controller upon notification by the Department of Fish and Game from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 to the Salton Sea Restoration Fund....	13,300,000
3600-011-0001—For support of Department of Fish and Game, for transfer to the Fish and Game Preservation Fund.....	18,000
3600-101-0001—For local assistance, Department of Fish and Game.....	576,000
Schedule:	
(1) 20-Biodiversity Conservation Program.....	576,000
3600-101-0207—For local assistance, Department of Fish and Game, Program 50-Spill Prevention and Response, payable from the Fish and Wildlife Pollution Account.....	35,000
3600-101-0320—For local assistance, Department of Fish and Game, Program 50-Spill Prevention and Response, payable from the Oil Spill Prevention and Administration Fund.....	952,000
3600-301-0200—For capital outlay, Department of Fish and Game, payable from the Fish and Game Preservation Fund.....	60,000
Schedule:	
(1) 90.99.020-Project Planning.....	160,000
(2) 90.99.100-Minor Projects.....	590,000
(3) Reimbursements-Minor Projects....	-590,000

(4) Reimbursements-Project Plan- ning.....	-100,000
Provisions:	
1. Funds appropriated in Schedule (1) are available for expenditure by the Department of Fish and Game upon approval of the Department of Finance to be used to develop design information or cost information for new construction projects for which funds have not been appropriated previously but which are anticipated to be included in the Governor's Budget for the 2008-09 or 2009-10 fiscal year.	
3600-301-3103—For capital outlay, Department of Fish and Game, payable from the Hatchery and Inland Fisheries Fund.....	1,960,000
Schedule:	
(1) 90.60.001-Fish Springs Fish Hatchery: New Well—Preliminary plans, working drawings, and construction.....	850,000
(2) 90.99.100-Minor Projects.....	1,110,000
3600-311-0235—For transfer by the Controller from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund to the Habitat Conservation Fund.....	(590,000)
Provisions:	
1. The funds transferred in this item shall be used for purposes consistent with the requirements of the Habitat Conservation Fund and the requirements of subdivision (a) of Section 79570 of the Water Code.	
2. The amounts transferred by this item may be adjusted to reflect the requirements of subdivision (a) of Section 2796 of the Fish and Game Code.	
3600-490—Reappropriation, Department of Fish and Game. Notwithstanding any other provision of law, the balance of the amount appropriated in the following citation is hereby reappropriated until June 30, 2010, to the Department of Fish and Game for the purposes and subject to the limitations, unless otherwise specified, provided for in that appropriation: 6031—Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002	
(19) Item 3600-001-6031, Budget Act of 2003 (Ch. 157, Stats. 2003)	

- (20) Item 3600-001-6031, Budget Act of 2004 (Ch. 208, Stats. 2004), as reappropriated by Item 3600-490 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)
- (21) Item 3600-001-6031, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)
- (22) Item 3600-001-6031, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
- (23) Item 3870-001-6031, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 3870-490 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) and Item 3600-490 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
- (24) Item 3870-001-6031, Budget Act of 2004 (Ch. 208, Stats. 2004), as reappropriated by Item 3600-490 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

3600-495—Reversion, Department of Fish and Game. As of June 30, 2007, the unencumbered balance of the appropriation provided in the following citation shall revert to the balance of the fund from which the appropriation was made:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

- (10) Item 3600-001-0005, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

3640-001-0001—For support of Wildlife Conservation Board, payable to Item 3640-001-0447.....	200,000
3640-001-0005—For support of Wildlife Conservation Board, payable to Item 3640-001-0447, from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....	207,000
3640-001-0140—For support of Wildlife Conservation Board, payable to Item 3640-001-0447, from the California Environmental License Plate Fund.....	273,000
3640-001-0262—For support of Wildlife Conservation Board, payable to Item 3640-001-0447, from the Habitat Conservation Fund.....	326,000

Provisions:

1. The amount appropriated in this item shall be available to the Wildlife Conservation Board for administrative costs associated with the California Wildlife Protection Act of 1990, and the requirements of the Habitat Conservation Fund.

3640-001-0447—For support of Wildlife Conservation Board, payable from the Wildlife Restoration Fund..... 1,223,000

Schedule:

- (1) 10-Wildlife Conservation Board.... 4,281,000
- (2) Amount payable from the General Fund (Item 3640-001-0001)..... -200,000
- (3) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3640-001-0005)..... -207,000
- (4) Amount payable from the California Environmental License Plate Fund (Item 3640-001-0140)..... -273,000
- (4.5) Amount payable from the Habitat Conservation Fund (Item 3640-001-0262)..... -326,000
- (5) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3640-001-6029)..... -669,000
- (6) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3640-001-6031)..... -607,000
- (7) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3640-001-6051)..... -776,000

Provisions:

- 1. Of the funds appropriated by this act from the General Fund, special funds, or bond funds to the Wildlife Conservation Board for local assistance or capital outlay, upon approval of the Department of Finance, the board may allocate an amount not to exceed 1.5 percent of each project's allocation to provide for the board's costs to administer the projects.

3640-001-6029—For support of Wildlife Conservation Board, for payment to Item 3640-001-0447, from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..... 669,000

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3640-001-6031—For support of Wildlife Conservation Board, for payment to Item 3640-001-0447, from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.....		607,000
3640-001-6051—For support of Wildlife Conservation Board, for payment to Item 3640-001-0447, from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....		776,000
3640-301-0262—For capital outlay, Wildlife Conservation Board, payable from the Habitat Conservation Fund.....		20,674,000
Schedule:		
(1) 80.10-Wildlife Conservation Board Projects (unscheduled).....	20,674,000	
Provisions:		
1. The funds appropriated in this item are provided in accordance with the Wildlife Conservation Law of 1947, and therefore shall not be subject to State Public Works Board review.		
2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance until June 30, 2010.		
3640-301-0447—For capital outlay, Wildlife Conservation Board, payable from the Wildlife Restoration Fund.....		1,000,000
Schedule:		
(1) 80.10.010-Minor Projects.....	1,000,000	
Provisions:		
1. The funds appropriated in this item are provided in accordance with the provisions of the Wildlife Conservation Law of 1947 and, therefore, shall not be subject to State Public Works Board review.		
2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance.		
3640-301-6051—For capital outlay, Wildlife Conservation Board, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....		25,000,000
Schedule:		
(1) 80.10-Wildlife Conservation Board Projects.....	25,000,000	
Provisions:		
1. The funds appropriated in this item are provided in accordance with the provisions of the Wildlife		

Conservation Law of 1947 and, therefore, shall not be subject to State Public Works Board review.

2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance until June 30, 2010.
3. The funds appropriated in this item shall be used for purposes consistent with natural community conservation plans (Chapter 10 (commencing with Section 2800) of Division 3 of the Fish and Game Code).
4. It is the intent of the Legislature that the Wildlife Conservation Board use funds appropriated in subdivision (b) of Section 75055 of the Public Resources Code to work with the Department of Fish and Game to complete vegetation mapping for high priority lands as determined by the board.
5. It is the intent of the Legislature that the Wildlife Conservation Board use funds appropriated in subdivision (b) of Section 75055 of the Public Resources Code to complete a statewide assessment of wildfire corridors using existing data available to the department and the board.

3640-302-6051—For capital outlay, Wildlife Conservation Board, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 10,000,000

Schedule:

- (1) 80.10.103-San Joaquin River Conservancy—Acquisitions and projects..... 11,000,000
- (2) Reimbursements..... -1,000,000

Provisions:

1. The funds in this item are provided in accordance with the Wildlife Conservation Law of 1947 and, therefore, are not subject to review by the State Public Works Board.
2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance until June 30, 2010.
3. The funds appropriated in this item are provided to achieve the mission of the San Joaquin River Conservancy. Any acquisitions or improvements undertaken or grants provided from this item shall be at the direction of and require approval by the conservancy.

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3640-303-6051—For capital outlay, Wildlife Conservation Board, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 14,293,000

Schedule:

(1) 80.10.410-Oak Woodlands Conservation Program..... 14,293,000

Provisions:

1. The funds appropriated in this item are provided in accordance with the provisions of the Wildlife Conservation Law of 1947 and, therefore, shall not be subject to State Public Works Board review.
2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance until June 30, 2010.
3. The funds appropriated in this item shall be used for purposes consistent with the Oak Woodlands Conservation Act.

3640-304-6051—For capital outlay, Wildlife Conservation Board, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 4,762,000

Schedule:

(1) 80.10-Wildlife Conservation Board Projects (unscheduled)..... 4,762,000

Provisions:

1. The funds appropriated in this item are provided in accordance with the provisions of the Wildlife Conservation Law of 1947 and, therefore, shall not be subject to State Public Works Board review.
2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance until June 30, 2010.
3. The funds appropriated in this item shall be used to assist farmers in integrating agricultural activities with ecosystem restoration and wildlife protection.
4. The funds appropriated in this item shall be expended only for projects with a minimum 20-year benefit to wildlife and farmlands.

3640-305-6051—For capital outlay, Wildlife Conservation Board, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 14,293,000

Schedule:

(1) 80.10.420-Rangeland, Grazing
Land and Grassland Protection
Program..... 14,293,000

Provisions:

1. The funds appropriated in this item are provided in accordance with the provisions of the Wildlife Conservation Law of 1947 and, therefore, shall not be subject to State Public Works Board review.
2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance until June 30, 2010.
3. The funds appropriated in this item shall be used for purposes consistent with the Rangeland, Grazing Land, and Grassland Protection Act (Division 10.4 (commencing with Section 10330) of the Public Resources Code).

3640-311-6031—For transfer by the Controller from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 to the Habitat Conservation Fund..... 5,150,000

Provisions:

1. The funds transferred in this item shall be used for purposes consistent with the requirements of the Habitat Conservation Fund and the requirements of Section 79572 of the Water Code.
2. Upon approval by the Department of Finance, the amount transferred by this item may be adjusted to reflect the requirements of subdivision (a) of Section 2796 of the Fish and Game Code.

3640-490—Reappropriation, Wildlife Conservation Board. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2010:

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

(1) Item 3640-302-6029, Budget Act of 2004 (Ch. 208, Stats. 2004)

(1) 80.10.603.000-San Joaquin River Conservancy—Projects and Acquisitions

(2) Reimbursements

3680-001-0516—For support of Department of Boating and Waterways, payable from the Harbors and Watercraft Revolving Fund..... 18,374,000

Schedule:

- (1) 10-Boating Facilities..... 16,048,000
- (2) 20-Boating Operations..... 8,378,000
- (3) 30-Beach Erosion Control..... 1,261,000
- (4) 40.01-Administration..... 2,440,000
- (5) 40.02-Distributed Administration.... -2,440,000
- (6) Reimbursements..... -15,000
- (7) Amount payable from the Federal Trust Fund (Item 3680-001-0890).... -7,293,000
- (8) Less funding provided by capital outlay..... -5,000

Provisions:

- 1. Notwithstanding Section 85.2 of the Harbors and Navigation Code, \$1,261,000 of the funds appropriated in this item shall be expended for support of the Beach Erosion Control program.

3680-001-0890—For support of Department of Boating and Waterways, for payment to Item 3680-001-0516, payable from the Federal Trust Fund..... 7,293,000

3680-101-0516—For local assistance, Department of Boating and Waterways, payable from the Harbors and Watercraft Revolving Fund..... 41,575,000

Schedule:

- (1) 10-Boating Facilities..... 33,518,000
 - (a) Launching Facility Grants..... (13,900,000)
 - (1) Balls Ferry BLF..... (179,000)
 - (2) B e a r d s l e y Point..... (1,521,000)
 - (3) B o w e r m a n BLF..... (1,305,000)
 - (4) Channel Islands BLF..... (430,000)
 - (5) Clark Springs BLF..... (658,000)
 - (6) Colusa BLF.... (340,000)
 - (7) Floating Restrooms..... (500,000)
 - (8) Gridley BLF... (300,000)
 - (9) Heron Point BLF..... (1,300,000)
 - (10) Jack Smith Park BLF..... (2,357,000)
 - (11) Knights Landing BLF..... (875,000)

(12) McClure Point BLF.....	(136,000)
(13) Ord Bend BLF.....	(579,000)
(14) Pier 52/54 BLF.....	(510,000)
(15) Ramp Repair & Modification....	(500,000)
(16) Signs.....	(50,000)
(17) S k i p p e r s Point.....	(354,000)
(18) Tisdale BLF.....	(716,000)
(19) Trinity Center BLF.....	(190,000)
(20) V e s s e l Pumpout.....	(100,000)
(21) Reimbursement Grants.....	(1,000,000)
(b) Public Small Craft Harbor Loans.....	(12,075,000)
(1) Dana Point Ma- rina.....	(4,800,000)
(2) E m e r g e n c y Loans.....	(500,000)
(3) Sacramento Ma- rina.....	(1,475,000)
(4) San Francisco Marina-West....	(5,300,000)
(c) Private Loans.....	(6,000,000)
(d) Clean Vessel Act Grant Program.....	(843,000)
(e) Boating Trails.....	(600,000)
(f) Boating Infrastruc- ture Grant Pro- gram.....	(100,000)
(2) 20-Boating Operations.....	12,300,000
(2.5) 30-Beach Erosion Control.....	4,200,000
(3) Reimbursements.....	-1,000,000
(4) Amount payable from the Aban- doned Watercraft Abatement Fund (Item 3680-101-0577).....	-500,000
(5) Amount payable from the Federal Trust Fund (Item 3680-101-0890)....	-2,743,000
(6) Amount payable from the Public Beach Restoration Fund (Item 3680- 101-3001).....	-4,200,000

Provisions:

- 1. Of the funds appropriated in Schedule (2), Program 20-Boating Operations, \$10,600,000 is for boating safety and enforcement programs pursuant to Section 663.7 of the Harbors and Navigation Code.

3680-101-0577—For local assistance, Department of Boating and Waterways, for payment to Item 3680-101-0516, payable from the Abandoned Watercraft Abatement Fund..... 500,000

3680-101-0890—For local assistance, Department of Boating and Waterways, for payment to Item 3680-101-0516, payable from the Federal Trust Fund..... 2,743,000

Provisions:

- 1. Of the amount appropriated in this item, \$1,200,000 shall be for grants to local governments for boating safety and law enforcement, 15 percent of which shall be allocated according to the department’s discretion, and 85 percent of which shall be allocated by the department in accordance with the following priorities:

First—To local governments that are eligible for state aid because they are spending all their local boating revenue on boating enforcement and safety, but are not receiving sufficient state funds to meet their need as calculated pursuant to Section 663.7 of the Harbors and Navigation Code.

Second—To local governments that are not spending all local boating revenue on boating enforcement and safety, and whose boating revenue does not equal their calculated need. Local assistance shall not exceed the difference between the calculated need and local boating revenue.

Third—To local governments whose boating revenue exceeds their need, but who are not spending sufficient local revenue to meet their calculated need.

3680-101-3001—For local assistance, Department of Boating and Waterways, for payment to Item 3680-101-0516, payable from the Public Beach Restoration Fund..... 4,200,000

3680-112-0516—For transfer by the Controller from the Harbors and Watercraft Revolving Fund to the Abandoned Watercraft Abatement Fund..... (200,000)

Item Amount

3680-113-0516—For transfer by the Controller from the Harbors and Watercraft Revolving Fund to the Public Beach Restoration Fund..... (4,200,000)

3680-301-0516—For capital outlay, Department of Boating and Waterways, payable from the Harbors and Watercraft Revolving Fund..... 6,140,000

Schedule:

(1) 50.99.010-Project Planning..... 90,000

(2) 50.99.020-Minor Projects..... 6,050,000

Provisions:

1. Funds appropriated in Schedule (1) of this item are available for expenditure by the Department of Boating and Waterways upon approval of the Department of Finance to be used to develop design information or cost information for new construction projects for which funds have not been appropriated previously but which are anticipated to be included in the Governor’s Budget for the 2008–09 or 2009–10 fiscal year.

3720-001-0001—For support of California Coastal Commission..... 11,881,000

Schedule:

(1) 10-Coastal Management Program.... 15,909,000

(2) 20-Coastal Energy Program..... 860,000

(3) 30.01-Administration..... 1,751,000

(4) 30.02-Distributed Administration.... -1,651,000

(5) Reimbursements..... -1,491,000

(6) Amount payable from California Beach and Coastal Enhancement Account (Item 3720-001-0371).... -587,000

(7) Amount payable from the Federal Trust Fund (Item 3720-001-0890).... -2,910,000

3720-001-0371—For support of California Coastal Commission, for payment to Item 3720-001-0001, payable from the California Beach and Coastal Enhancement Account, California Environmental License Plate Fund..... 587,000

3720-001-0890—For support of California Coastal Commission, for payment to Item 3720-001-0001, payable from the Federal Trust Fund..... 2,910,000

3720-101-0371—For local assistance, California Coastal Commission, payable from California Beach and Coastal Enhancement Account, California Environmental License Plate Fund..... 711,000

Schedule:

(1) 10-Coastal Management Program.... 711,000

3760-001-0005—For support of State Coastal Conservancy, for payment to Item 3760-001-0565, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....	1,473,000
3760-001-0140—For support of State Coastal Conservancy, for payment to Item 3760-001-0565, payable from the California Environmental License Plate Fund.....	1,398,000
3760-001-0565—For support of State Coastal Conservancy, payable from the State Coastal Conservancy Fund.....	4,289,000
Schedule:	
(1) 15-Coastal Resource Development.....	5,057,000
(2) 25-Coastal Resource Enhancement.....	5,493,000
(3) 90.01-Administration and Support.....	3,939,000
(4) 90.02-Distributed Administration....	-3,939,000
(5) Reimbursements.....	-126,000
(6) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3760-001-0005).....	-1,473,000
(7) Amount payable from the California Environmental License Plate Fund (Item 3760-001-0140).....	-1,398,000
(8) Amount payable from the Federal Trust Fund (Item 3760-001-0890)....	-132,000
(9) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3760-001-6029).....	-1,968,000
(10) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3760-001-6031).....	-699,000
(11) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3760-001-6051).....	-465,000

Provisions:

1. Notwithstanding any other provision of law, upon approval and order of the Department of

Finance, the State Coastal Conservancy may borrow sufficient funds from the State Coastal Conservancy Fund to meet cashflow needs due to delays in collecting reimbursements. Any loan made by the Department of Finance pursuant to this provision may be made only if the State Coastal Conservancy has a valid contract or certification signed by the agency providing the reimbursements, which demonstrates that sufficient funds will be available to repay the loan. All moneys so transferred shall be repaid to the State Coastal Conservancy Fund as soon as possible, but not later than one year from the date of the loan.

2. Of the funds appropriated by this act from the General Fund, special funds, or bond funds to the State Coastal Conservancy for local assistance or capital outlay, upon approval of the Department of Finance, the conservancy may allocate an amount not to exceed 1.5 percent of each project's allocation to provide for the department's costs to administer the projects.

3760-001-0890—For support of State Coastal Conservancy, for payment to Item 3760-001-0565, payable from the Federal Trust Fund.....	132,000
3760-001-6029—For support of State Coastal Conservancy, for payment to Item 3760-001-0565, from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund.....	1,968,000
3760-001-6031—For support of State Coastal Conservancy, for payment to Item 3760-001-0565, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.....	699,000
3760-001-6051—For support of State Coastal Conservancy, for payment to Item 3760-001-0565, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Fund of 2006.....	465,000
3760-301-0005—For capital outlay, State Coastal Conservancy, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....	9,594,000
Schedule:	
(1) 80.97.030-Conservancy Pro-grams.....	9,594,000

Provisions:

- 1. (a) The State Coastal Conservancy may not enter into a grant contract with a nonprofit organization or local government for property acquisitions unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state without review and approval by the State Coastal Conservancy and the State Public Works Board.
- (b) The State Coastal Conservancy may not enter into a grant contract with a nonprofit organization or local government for property acquisitions that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms.
- (c) Except for the above, the expenditure of funds for grants to nonstate public agencies and nonprofit organizations is exempt from State Public Works Board review.
- 2. The funds appropriated in this item are available for encumbrance for either capital outlay or local assistance until June 30, 2010.

3760-301-0262—For capital outlay, State Coastal Conservancy, payable from the Habitat Conservation Fund.....

4,000,000

Schedule:

- (1) 80.93.025-Coastal Resource Enhancement..... 4,000,000

Provisions:

- 1. (a) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state without review and approval by the State Coastal Conservancy and the State Public Works Board.
- (b) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition that provides for a state leasehold interest in property acquired by a

nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms.

- (c) Except for the above, the expenditures of funds for grants to nonstate public agencies and nonprofit organizations shall be exempt from State Public Works Board review.
- 2. The funds appropriated in this item are available for encumbrance for either capital outlay or local assistance without regard to fiscal year.
- 3. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the State Coastal Conservancy may borrow sufficient funds from the State Coastal Conservancy Fund to meet cashflow needs due to delays in collecting reimbursements. Any loan made by the Department of Finance pursuant to this provision may be made only if the State Coastal Conservancy has a valid contract or certification signed by the agency providing the reimbursements, which demonstrates that sufficient funds will be available to repay the loan. All moneys so transferred shall be repaid to the State Coastal Conservancy Fund as soon as possible, but not later than one year from the date of the loan.
- 4. Funds appropriated in this item are in lieu of the amount that otherwise would have been appropriated for the department, pursuant to Section 2787(b) of the Fish and Game Code.

3760-301-0371—For capital outlay, State Coastal Conservancy, payable from the California Beach and Coastal Enhancement Account, California Environmental License Plate Fund..... 400,000

Schedule:

(1) 80.00.020-Public Access..... 400,000

Provisions:

- 1. (a) The State Coastal Conservancy may not enter into a grant contract with a nonprofit organization or local government for property acquisition unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state without review and approval by the State Coastal Conservancy and the State Public Works Board.

<ul style="list-style-type: none"> (b) The State Coastal Conservancy may not enter into a grant contract with a nonprofit organization or local government for property acquisition that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms. (c) Except for the above, the expenditure of funds for grants to nonstate public agencies and nonprofit organizations is exempt from State Public Works Board review. <p>2. The funds appropriated in this item are available for encumbrance for either capital outlay or local assistance until June 30, 2010.</p> <p>3760-301-0593—For capital outlay, State Coastal Conservancy, payable from the Coastal Access Account, State Coastal Conservancy Fund.....</p> <p>Schedule:</p> <p>(1) 80.00.020-Public Access..... 500,000</p> <p>Provisions:</p> <ul style="list-style-type: none"> 1. (a) The State Coastal Conservancy may not enter into a grant contract with a nonprofit organization or local government for property acquisition unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state without review and approval by the State Coastal Conservancy and the State Public Works Board. (b) The State Coastal Conservancy may not enter into a grant contract with a nonprofit organization or local government for property acquisition that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms. (c) Except for the above, the expenditure of funds for grants to nonstate public agencies and nonprofit organizations is exempt from State Public Works Board review. <p>2. The funds appropriated in this item are available for encumbrance for either capital outlay or local assistance until June 30, 2010.</p> <p>3760-301-0890—For capital outlay, State Coastal Conservancy, payable from the Federal Trust Fund.....</p>	<p>500,000</p> <p>2,000,000</p>
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Schedule:

(1) 80.97.030-Conservancy Pro-grams..... 2,000,000

Provisions:

1. (a) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state without review and approval by the State Coastal Conservancy and the State Public Works Board.
- (b) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms.
- (c) Except for the above, the expenditures of funds for grants to nonstate public agencies and nonprofit organizations shall be exempt from State Public Works Board review.
2. The funds appropriated in this item are available for encumbrance for either capital outlay or local assistance until June 30, 2010.

3760-301-6051—For capital outlay, State Coastal Conservancy, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006..... 112,443,000

Schedule:

(1) 80.07.070-Ocean Protection Council..... 28,800,000

(2) 80.97.030-Conservancy Pro-grams..... 85,443,000

(3) Reimbursements..... -1,800,000

Provisions:

1. The amount appropriated in this item is available for encumbrance for either capital outlay or local assistance until June 30, 2010.
2. The funds appropriated in this item are conditioned upon all of the following:
 - (a) The State Coastal Conservancy may not enter into a grant contract with a nonprofit or

ganization or local government for property acquisitions unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state without review and approval by the State Coastal Conservancy and the State Public Works Board.

- (b) The State Coastal Conservancy may not enter into a grant contract with a nonprofit organization or local government for property acquisitions that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms.
 - (c) Except for the above, the expenditure of funds for grants to nonstate public agencies and nonprofit organizations is exempt from State Public Works Board review.
- 3. Of the amount appropriated in this item, \$2,985,000 shall be allocated for projects authorized by the San Diego River Conservancy.
 - 4. The funds appropriated in this item may not be expended on invasive species maintenance control.

3760-490—Reappropriation, State Coastal Conservancy.

The balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in those appropriations, and shall be available for encumbrance or expenditure until June 30, 2010:

6029—California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Restoration Fund

(1) Item 3760-301-6029, Budget Act of 2004 (Ch. 208, Stats. 2004)

(1) 80.00.023-San Francisco Bay Conservancy Program

(1.5) 80.97.030-Conservancy Programs

Provisions:

- 1. (a) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert

to the state without review and approval by the State Coastal Conservancy and the State Public Works Board.

- (b) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms.
- (c) Except for the above, the expenditures of funds for grants to nonstate public agencies and nonprofit organizations shall be exempt from State Public Works Board review.

2. The amounts appropriated in this item are available for encumbrance for either capital outlay or local assistance until June 30, 2010.

3780-001-0001—For support of Native American Heritage Commission.....	970,000
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- Schedule:
- (1) 10-Native American Heritage Commission..... 975,000
 - (2) Reimbursements..... -5,000

3790-001-0001—For support of Department of Parks and Recreation.....	145,359,000
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- Schedule:
- (1) For support of the Department of Parks and Recreation..... 383,495,000
 - (2) Reimbursements..... -32,199,000
 - (3) Less funding provided by capital outlay..... -4,000,000
 - (4) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3790-001-0005)..... -6,639,000
 - (5) Amount payable from the California Environmental License Plate Fund (Item 3790-001-0140)..... -3,264,000
 - (6) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3790-001-0235)..... -11,258,000

(7) Amount payable from the Off-Highway Vehicle Trust Fund (Item 3790-001-0263).....	-42,336,000
(8) Amount payable from the State Parks and Recreation Fund (Item 3790-001-0392).....	-121,173,000
(9) Amount payable from the Winter Recreation Fund (Item 3790-001-0449).....	-390,000
(10) Amount payable from the Harbors and Watercraft Revolving Fund (Item 3790-001-0516).....	-814,000
(11) Amount payable from the Federal Trust Fund (Item 3790-001-0890).....	-6,341,000
(12) Amount payable from the California Main Street Program Fund (Item 3790-001-3077).....	-175,000
(13) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3790-001-6029).....	-4,433,000
(14) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3790-001-6031).....	-491,000
(15) Amount payable from Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3790-001-6051).....	-4,623,000

Provisions:

1. Of the funds appropriated by this act from the General Fund and special funds, other than the Off-Highway Vehicle Trust Fund and bond funds, to the Department of Parks and Recreation for local assistance grants to local agencies, the department may allocate an amount not to exceed 3.7 percent of each project's allocation, except to the extent otherwise restricted by law, to allow the department to administer its grants. Those funds shall be available for encumbrance or expenditure until June 30, 2013.
2. It is the intent of the Legislature that salaries, wages, operating expenses, and positions associated with implementing specific Department of

Parks and Recreation capital outlay projects continue to be funded through capital outlay appropriations, and that these funds should also be reflected in the department's state operations budget in the Governor's Budget as a special item of expense reflecting the funding provided from the capital outlay appropriations.

3. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund, in an amount not to exceed 35 percent of reimbursements appropriated in this item to the Department of Parks and Recreation, provided that:
 - (a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for services provided.
 - (b) The loan is for a short term and shall be repaid by September 30, 2008.
 - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time that the chairperson of the joint committee or his or her designee may determine.
4. The augmentation of \$1,711,000 in Schedule (7) is to be used to fund restoration activities within state parks in which off-highway vehicle activity is or has been permitted, including areas where off-highway vehicle recreation has been determined to not be appropriate.
5. Notwithstanding Section 4.11 or any other provision of law, up to 61 positions initially authorized in accordance with Schedule (15) shall not be abolished pursuant to Section 12439 of the Government Code prior to June 30, 2015.
6. Schedule (1) includes \$4,104,000 for remediation and treatment activities at Empire Mine State Historic Park. Notwithstanding any other provision of law, these funds shall be available

for expenditure upon the approval of the Director of Finance, after the submission by the Department of Parks and Recreation of detailed information on the activities to be funded and their cost.

- 7. The Department of Parks and Recreation shall have a celebration at the Allensworth State Park on the one hundredth anniversary of the founding of the town of Allensworth, and this celebration shall be done within the department's existing resources.

3790-001-0005—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....	6,639,000
3790-001-0140—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the California Environmental License Plate Fund.....	3,264,000
3790-001-0235—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund.....	11,258,000
3790-001-0263—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Off-Highway Vehicle Trust Fund....	42,336,000
3790-001-0392—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the State Parks and Recreation Fund....	121,173,000
3790-001-0449—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Winter Recreation Fund.....	390,000
3790-001-0516—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Harbors and Watercraft Revolving Fund.....	814,000
3790-001-0890—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Federal Trust Fund.....	6,341,000
3790-001-3077—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the California Main Street Program Fund.....	175,000

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3790-001-6029—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..... 4,433,000

3790-001-6031—For support of Department of Parks and Recreation, payable to Item 3790-001-0001, from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002..... 491,000

3790-001-6051—For support of Department of Parks and Recreation, payable to Item 3790-001-0001, from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 4,623,000

3790-011-0062—For transfer by the Controller to the State Parks and Recreation Fund, as prescribed by subdivision (a) of Section 2107.7 of the Streets and Highways Code, for expenditure by the Department of Parks and Recreation for maintenance and repair of highways in units of the state park system, payable from the Highway Users Tax Account, Transportation Tax Fund..... (3,400,000)

3790-012-0061—For transfer by the Controller from the Motor Vehicle Fuel Account, Transportation Tax Fund to the State Parks and Recreation Fund..... (26,649,000)
Provisions:

- 1. Notwithstanding any other provision of law, the amount appropriated in this item normally transferred to the Harbors and Watercraft Revolving Fund from the Motor Vehicle Fuel Account, Transportation Tax Fund, shall be available for transfer to the State Parks and Recreation Fund.

3790-101-0001—For local assistance, Department of Parks and Recreation, payable from the General Fund..... 5,000,000
Schedule:

- (1) 80.28 Local Projects..... 5,000,000
 - (a) Museum of Tolerance: Museum Improvements..... (5,000,000)

Provisions:

- 1. The Department of Parks and Recreation shall enter into a grant contract with the Museum of Tolerance to provide up to \$5,000,000 for museum improvements upon receipt of a detailed plan of expenditure for the award. The award shall

be administered pursuant to the department's Procedural Guide for Local Grant Projects.

3790-101-0262—For local assistance, Department of Parks and Recreation, payable from the Habitat Conservation Fund, to be available for expenditure through fiscal year 2009–10..... 5,379,000

Schedule:

(1) 80.25-Recreational Grants..... 3,879,000

(2) 80.28-Local Projects..... 1,500,000

(a) Monterey County,
Monterey Peninsula Regional Park
District-Santa Lucia Mountain
Range..... (1,500,000)

Provisions:

1. Funds appropriated in this item are in lieu of the amount that otherwise would have been appropriated for the department, pursuant to Section 2787 (a)(1)(3) of the Fish and Game Code, and shall be available only for projects submitted to the department for consideration during the evaluation process for the Habitat Conservation Fund Program.

3790-101-0263—For local assistance, Department of Parks and Recreation, payable from the Off-Highway Vehicle Trust Fund, for grants to cities, counties, federal agencies, or special districts, as specified in Section 5090.50 of the Public Resources Code, to be available for expenditure until June 30, 2010..... 18,000,000

Schedule:

(1) 80.12-OHV Grants..... 18,000,000

3790-101-0858—For local assistance, Department of Parks and Recreation, payable from the Recreational Trails Fund, to be available for expenditure through fiscal year 2009–10..... 9,700,000

Schedule:

(1) 80.12-OHV Grants..... 2,900,000

(2) 80.25-Recreational Grants..... 6,800,000

Provisions:

1. The funds appropriated in Schedules (1) and (2) shall be available for expenditure for local assistance or capital outlay.
2. Of the funds appropriated, the department may allocate, to the maximum extent allowable under federal law, the amount necessary to provide for the department's costs to administer these grants.

- 3. Grants may be made to nonprofit organizations and government entities.
- 4. Notwithstanding any other provision of law, the Director of Finance may authorize an intraschedule transfer of funds in this item. The intraschedule transfer shall occur no sooner than 30 days after written notification is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

3790-101-0890—For local assistance, Department of Parks and Recreation, payable from the Federal Trust Fund, to be available for expenditure through fiscal year 2009–10..... 6,200,000

Schedule:

- (1) 80.25-Recreational Grants..... 5,000,000
- (2) 80.30-Historic Preservation Grants..... 1,200,000

Provisions:

- 1. The funds appropriated in Schedules (1) and (2) shall be available for expenditure for local assistance or capital outlay.

3790-301-0005—For capital outlay, Department of Parks and Recreation, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund..... 10,986,000

Schedule:

- (1) 90.GI.101-Crystal Cove State Park: El Morro Mobilehome Park Conversion—Working drawings and construction..... 9,988,000
- (1.5) 90.I6.101-San Elijo State Beach: Replace Main Lifeguard Tower—Construction..... 548,000
- (2) 90.RS.205-Statewide: State Park System—Minor Projects..... 450,000

Provisions:

- 1. Notwithstanding any other provision of law, the funds appropriated by this item shall be available for expenditure until June 30, 2011, except appropriations for working drawings which shall be available for expenditure until June 30, 2009, and minor capital outlay which shall be available for expenditure until June 30, 2008. In addition, the balance of every appropriation made in this item that contains funding for construction that has not been allocated, through fund transfer or

approval to proceed to bid, by the Department of Finance on or before June 30, 2008, shall revert as of that date to the fund from which the appropriation was made.

3790-301-0263—For capital outlay, Department of Parks and Recreation, payable from the Off-Highway Vehicle Trust Fund..... 9,000,000

Schedule:

- (1) 90.EH.111-Hungry Valley State Vehicular Recreation Area: Gorman Acquisition—Acquisition..... 2,900,000
- (2) 90.RS.405-Statewide: OHV Opportunity Purchase/Budget Package/Schematic Planning—Acquisition and study..... 4,000,000
- (3) 90.7C.400-Oceano Dunes State Vehicular Recreation Area: La Grande Tract—Acquisition..... 2,100,000

Provisions:

- 1. The funds appropriated in Schedule (2) shall be used to develop design information for new projects for which funds have not been appropriated previously, but which are anticipated to be included in the Governor’s Budget for the 2008–09 or 2009–10 fiscal year.

3790-301-0890—For capital outlay, Department of Parks and Recreation, payable from the Federal Trust Fund..... 6,318,000

Schedule:

- (0.5) 90.I6.101-San Elijo State Beach: Replace Main Lifeguard Tower—Construction..... 1,318,000
- (1) 90.RS.801-Federal Trust Fund Program—Acquisition, preliminary plans, working drawings, and construction..... 5,000,000

Provisions:

- 1. Notwithstanding any other provision of law, the Department of Finance may revise and create new schedule(s) within this item, and may transfer funds appropriated within this item to and from any schedules within this item for the purposes of tracking and displaying actual expenditures by project, in accordance with the grants received.

3790-301-6029—For capital outlay, Department of Parks and Recreation, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..... 4,343,000

Schedule:

- (1) 90.RS.810-Capital Outlay Projects—Acquisition, preliminary plans, working drawings, construction, and minor projects..... 3,000,000
- (2) 90.5R.101-Fort Ross State Historic Park: Reconstruct Historic Fur Warehouse—Working drawings and construction..... 4,343,000
- (3) Reimbursements—Capital Outlay Projects..... -3,000,000

Provisions:

1. Notwithstanding any other provision of law, the funds appropriated by this item shall be available for expenditure until June 30, 2011, except appropriations for preliminary plans or working drawings which shall be available for expenditure until June 30, 2009, and appropriations for minor capital outlay shall be available for expenditure until June 30, 2008. In addition, the balance of every appropriation made in this item that contains funding for construction that has not been allocated, through fund transfer or approval to proceed to bid, by the Department of Finance on or before June 30, 2008, shall revert as of that date to the fund from which the appropriation was made.

3790-301-6051—For capital outlay, Department of Parks and Recreation, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 60,878,000

Schedule:

- (1) 90.AI.101-Millerton Lake State Recreation Area: Rehabilitate La Playa Day Use Area—Construction..... 3,877,000
- (2) 90.CG.101-Pfeiffer Big Sur State Park: Park Entrance and Day Use Redevelopment—Working drawings, construction, and equipment.... 9,180,000

(3) 90.GG.101-Silverwood Lake State Recreation Area: Campground and Day Use Improvements—Construction.....	5,091,000
(3.5) 90.KZ.104-Los Angeles State Historic Park (Cornfields): Planning and Phase I Build-Out—Preliminary plans.....	5,854,000
(3.7) 90.RS.412-Statewide: State Park System Opportunity and Inholding Acquisitions—Acquisition.....	30,000,000
(4) 90.RS.601-Statewide: Budget Development—Studies.....	2,000,000
(5) 90.SI.101-Calaveras Big Trees State Park: New Visitor Center—Working drawings, construction, and equipment.....	5,376,000
(6) Reimbursement-Calaveras Big Trees State Park: New Visitor Center.....	-500,000

Provisions:

1. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for expenditure until June 30, 2011, except appropriations for working drawings, which shall be available for expenditure until June 30, 2009, and minor capital outlay and studies, which shall be available for expenditure until June 30, 2008. In addition, the balance of each appropriation made in this item that contains funding for construction that has not been allocated, through fund transfer or approval to proceed to bid, by the Department of Finance on or before June 30, 2008, shall revert as of that date to the fund from which the appropriation was made.

3790-401—For the 2007–08 fiscal year, the balance as of July 1, 2007, deposits in, and accruals to the Conservation and Enforcement Services Account in the Off-Highway Vehicle Trust Fund shall be transferred by the State Controller to the Off-Highway Vehicle Trust Fund. All funds transferred pursuant to this item shall be available for expenditure by the Department of Parks and Recreation for activities pursuant to Section 5090.64 of the Public Resources Code which are authorized for expenditure within Items 3790-001-0263, 3790-101-0263, and 3790-301-0263. The Controller shall make the transfers

quarterly or at such intervals as determined necessary to meet the cashflow needs of the Off-Highway Vehicle Trust Fund.

3790-490—Reappropriation, Department of Parks and Recreation. The balances of the appropriations provided for in the following citations are reappropriated for the purposes specified and shall be available for encumbrance or expenditure as cited below:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

(1) Item 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000), (a) 80.25-Recreational Grants, (5) Murray-Hayden Grants, (ux) County of San Diego: Bancroft Park Acquisition and/or Development. This reappropriation shall be available for encumbrance or expenditure until June 30, 2009.

(2) Item 3790-101-0005(1)(b), Budget Act of 2001 (Ch. 106, Stats. 2001), (1) 80.25—Recreational Grants, (b) Roberti-Z’berg Harris. This reappropriation is limited to a \$328,770 grant to the County of Butte. This reappropriation shall be available for encumbrance or expenditure until June 30, 2008. The period to liquidate encumbrances shall remain consistent with the original appropriation, which is June 30, 2009.

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

(1) \$3,236,000 from Item 3790-001-6029, Budget Act of 2005 (Ch. 38, Stats. 2005), as reappropriated by Item 3790-490, Budget Act of 2006 (Ch. 47, Stats. 2006), for natural disaster related projects. This reappropriation shall be available for encumbrance or expenditure until June 30, 2008.

3790-491—Reappropriation, Department of Parks and Recreation. The balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriations:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

(1) Item 3790-301-0005, Budget Act of 2001 (Ch. 106, Stats. 2001), as reappropriated by Item 3790-491, Budget Act of 2004 (Ch. 208, Stats. 2004)

- (27) 90.RS.409-Statewide: 2000 Bond Opportunity Purchases Acquisition Program—Acquisition
- (2) Item 3790-301-0005, Budget Act of 2004 (Ch. 208, Stats. 2004)
 - (4) 90.6F.101-Angel Island SP: Immigration Station Area Restoration—Construction
- (3) Item 3790-301-0005, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as partially reappropriated by Item 3790-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - (2) 90.G3.101-Antelope Valley Indian Museum-Structural Improvements—Preliminary plans and working drawings
 - (3) 90.16.101-San Elijo SB: Replace Main Lifeguard Tower—Preliminary plans and working drawings
- (4) Item 3790-301-0005, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - (2) 90.G3.101-Antelope Valley Indian Museum: Structural Improvements—Construction
 - (3) 90.16.101-San Elijo SB: Replace Main Lifeguard Tower—Construction and equipment
 - (3.5) 90.KZ.104-Los Angeles SHP: Planning and Conceptual Design—Study
 - (6) 90.8J.101-Columbia SHP: Drainage Improvements—Working drawings and construction
- 0263—Off-Highway Vehicle Trust Fund
 - (1) Item 3790-301-0263, Budget Act of 2001 (Ch. 106, Stats. 2001), as reappropriated by Item 3790-491, Budget Act of 2004 (Ch. 208, Stats. 2004)
 - (1) 90.7C.400-Oceano Dunes SVRA: La Grande Tract—Acquisition
- 6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund
 - (1) Chapter 1126 of the Statutes of 2002, as reappropriated by Item 3790-491, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) and Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - (2) 90.8L.101-California Indian Museum: Preliminary plans, working drawings, and construction
 - (2) Item 3790-301-6029, Budget Act of 2004 (Ch. 208, Stats. 2004), as partially reappropriated by Item 3790-491, Budget Act of 2005 (Chs. 38

- and 39, Stats. 2005) and Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - (0.5) 90.AC.101-Railroad Technology Museum: Rehabilitation and Facilities Plan—Working drawings and construction
 - (2.2) 90.E4.104-Chino Hills SP: Entrance Road and Facilities—Working drawings
 - (2.3) 90.E4.105-Chino Hills SP: Coal Canyon Wildlife Corridor Restoration—Construction
 - (5.1) 90.8D.102-Donner Memorial SP: New Visitor Center—Working drawings, construction, and equipment
 - (5.7) Reimbursement-Donner Memorial SP: Visitor Center
 - (3) Item 3790-301-6029, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as reappropriated by Item 3790-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - (3) 90.E4.104-Chino Hills SP: Entrance Road and Facilities—Construction and equipment
 - (4) 90.FW.101-Topanga SP: Public Use Improvements—Construction and equipment
 - (4) Item 3790-301-6029, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - (1) 90.BA.102-Big Basin Redwoods SP: Water System Improvements—Working drawings and construction
 - (3) 90.2U.102-Jedediah Smith Redwoods SP: Aubell Maintenance Facility—Construction
 - (3.5) 90.8D.102-Donner Memorial SP: New Visitor Center—Working drawings and construction
 - (3.8) Reimbursement—Donner Memorial SP: New Visitor Center
- 3790-492—Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citation is extended as cited below:
0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund
- (1) Item 3790-102-0005(a)(5)(j), Budget Act of 2000 (Ch. 52, Stats. 2000). The liquidation period for the grant to the City of Los Angeles for the Blythe Street Pocket Park is extended to June 30, 2009.

- (2) Item 3790-102-0005(a)(5)(m), Budget Act of 2000 (Ch. 52, Stats. 2000). The liquidation period for the grant to the City of Los Angeles for the renovation of Brand Park is extended to June 30, 2009.
- (3) Item 3790-102-0005(a)(5)(q), Budget Act of 2000 (Ch. 52, Stats. 2000). The liquidation period for the grant to the City of Los Angeles for the Community Build Youth Center is extended to June 30, 2009.
- (4) Item 3790-102-0005(a)(5)(dy), Budget Act of 2000 (Ch. 52, Stats. 2000). The liquidation period for the grant to the City of Los Angeles for the South Central Sport Center is extended to June 30, 2009.

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

- (1) Subdivision (b) of Section 2 of Chapter 1126 of the Statutes of 2002. The liquidation period for the grant of \$3,000,000 to the City of Oroville is extended to December 31, 2009.
- (2) Subdivision (b) of Section 2 of Chapter 1126 of Statutes of 2002. The liquidation period for the \$3,000,000 grant to the California State University, Chico Research Foundation, for the design and construction of the Northern California Natural History Museum is extended to June 30, 2010.
- (3) Subdivision (b) of Section 2 of Chapter 1126 of Statutes of 2002. The liquidation period for the \$2,500,000 grant to Immigration Museum/New Americans is extended to June 30, 2010.
- (4) Subdivision (b) of Section 2 of Chapter 1126 of Statutes of 2002. The liquidation period of the \$6,750,000 grant to the Los Angeles County Museum of Natural History Foundation is extended to June 30, 2011.
- (5) Item 3790-101-6029, Budget Act of 2003 (Ch. 157, Stats. 2003), (1) 80.25-Recreational Grants, (a) Per Capita Grants. The liquidation period of the \$88,854 grant to the County of Butte is extended to June 30, 2011.
- (6) Item 3790-101-6029, Budget Act of 2003 (Ch. 157, Stats. 2003), (1) 80.25-Recreational Grants, (b) Roberti-Z'berg-Harris Grants. The liquidation period of the \$350,000 grant to the City of Lompoc is extended to June 30, 2011.

0383—Natural Resources Infrastructure Fund.

- (1) The liquidation period of Item 3790-101-0383, Budget Act of 2004 (Ch. 208, Stats. 2004), as reappropriated by Item 3790-494, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), City of Los Angeles, Department of Parks and Recreation, to fund priority parks renovation, restoration, improvement, and deferred maintenance is extended to June 30, 2009.

3790-493—Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations is extended to June 30, 2008:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

- (1) Item 3790-301-0005, Budget Act of 2002 (Ch. 379, Stats. 2002)

- (16) 90.F6.101-Los Encinos SHP: De La Ossa Adobe House Museum—Working drawings, construction, and equipment

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

- (1) Item 3790-301-6029, Budget Act of 2003 (Ch. 157, Stats. 2003), as extended by Item 3790-493, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

- (1) 90.AC.101-Railroad Technology Museum: Rehabilitation and Facilities Plan—Study and preliminary plans

3790-494—Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate the encumbrances of the following citations, subject to the following limitation, is extended to June 30, 2008:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

- (1) Item 3790-102-0005(a)(5)(i), Budget Act of 2000 (Ch. 52, Stats. 2000), City of Huntington Park: Regional Community Youth Center, as reappropriated by Item 3790-492(3)(a)(5)(i), Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) and as reappropriated by Item 3790-494(1), Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), City of Huntington Park: Regional Community Youth Center

- (2) Item 3790-102-0005(a)(5)(qx), Budget Act of 2000 (Ch. 52, Stats. 2000), City of Huntington Park: Bonelli Regional Youth Center, as reappro-

priated by Item 3790-492(3)(a)(5)(qx), Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) and as reappropriated by Item 3790-494(2), Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), City of Huntington Park: Bonelli Regional Youth Center

3790-495—Reversion, Department of Parks and Recreation. As of June 30, 2007, the unencumbered balances of the appropriations provided for in the following citations shall revert to the funds from which the appropriations were made:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

(1) Item 3790-301-0005, Budget Act of 2002 (Ch. 379, Stats. 2002), as reappropriated by Item 3790-490, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 3790-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

(19) 90.GG.101-Silverwood Lake State Recreation Area: Campground and Day Use Improvements—Construction

(2) Item 3790-301-0005, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 3790-491, Budget Act of 2004 (Ch. 208, Stats. 2004)

(3) 90.CG.101-Pfeiffer Big Sur State Park: Park Entrance and Day Use Redevelopment—Construction and equipment

(3) Item 3790-301-0005, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

(1.3) 90.GG.101-Silverwood Lake State Recreation Area: Campground and Day Use Improvements—Construction

0263—Off-Highway Vehicle Trust Fund

(1) Item 3790-301-0263, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 3790-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

(5) 90.IG.100-Riverside OHV Park Project: Acquisition and Development—Acquisition, preliminary plans, working drawings, construction, and equipment

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

(1) Item 3790-301-6029, Budget Act of 2004 (Ch. 208, Stats. 2004), as reappropriated by Item 3790-491, Budget Act of 2005 (Chs. 38 and 39,

Stats. 2005), as partially reappropriated by Item 3790-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

(2.1) 90.EX.103-Malibu Creek State Park: Rehabilitate Public Use Facilities at Tapia—Preliminary plans

(5.2) 90.8I.101-Calaveras Big Trees State Park: New Visitor Center—Working drawings, construction, and equipment

(2) Item 3790-301-6029, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as partially reappropriated by Item 3790-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

(2) 90.EX.103-Malibu Creek State Park: Rehabilitate Public Use Facilities at Tapia—Working drawings, construction, and equipment

(7.1) 90.5R.101-Fort Ross State Historic Park: Reconstruct Historic Fur Warehouse—Construction

3790-497—Reversion, Department of Parks and Recreation. As of June 30, 2007, the balances provided in the following citations shall revert to the fund from which the appropriations were made:

0001—General Fund

(1) Item 3790-001-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

(1) For support of the Department of Parks and Recreation..... 160,000,000

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

(1) Item 3790-101-0005, Budget Act of 2001 (Ch. 106, Stats. 2001)

(1) 80.25-Recreational Grants
(a) Local agencies operating park units..... 835,000

(2) Item 3790-001-0005, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)..... 107,000

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

(1) Item 3790-001-6029, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as reappropriated by Item 3790-490, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)..... 3,000,000

3810-001-0140—For support of Santa Monica Mountains Conservancy, payable from the California Environmental License Plate Fund..... 247,000

Schedule:

- (1) 10-Santa Monica Mountains Conservancy..... 1,194,000
- (2) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3810-001-6029)..... -245,000
- (3) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3810-001-6031)..... -235,000
- (4) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3810-001-6051)..... -467,000

Provisions:

- 1. Notwithstanding Article 4 (commencing with Section 11040) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code, the Attorney General shall continue to provide legal services to the Santa Monica Mountains Conservancy consistent with the manner in which the Attorney General provides legal services to state agencies that are funded by appropriations made from the General Fund.
- 2. (a) The Santa Monica Mountains Conservancy shall not encumber state-appropriated funds for the purchase or acquisition of real property directly or through any public agency intermediary, including the State Public Works Board, that requires the payment of interest costs, or late fees or penalties, unless the conservancy certifies all of the following: (1) that the purchase is necessary to implement an acquisition identified in the high-priority category of the work program submitted annually to the Legislature pursuant to Section 33208 of the Public Resources Code, or amendments made thereto, (2) that the purchase agreement does not involve interest payments or terms in excess of those that the State Public Works Board

may enter into pursuant to Section 15854.1 of the Government Code, and (3) that the purchase agreement does not commit the state to future appropriations.

(b) The Santa Monica Mountains Conservancy shall report periodically to the Legislature, but no less frequently than twice yearly, concerning the status of any purchases certified as required in (a) and the amount of state funds thus far encumbered for interest, penalties, or other principal surcharges.

3810-001-6029—For support of the Santa Monica Mountains Conservancy, for payment to Item 3810-001-0140, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..... 245,000

3810-001-6031—For support of Santa Monica Mountains Conservancy, for payment to Item 3810-001-0140, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.... 235,000

3810-001-6051—For support of Santa Monica Mountains Conservancy, for payment to Item 3810-001-0140, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 467,000

3810-301-0941—For capital outlay, Santa Monica Mountains Conservancy, payable from the Santa Monica Mountains Conservancy Fund..... 929,000

Schedule:

(1) 50.20-Capital Outlay and Local Assistance..... 929,000

Provisions:

1. The Santa Monica Mountains Conservancy may encumber funds for either capital outlay or local assistance grants until June 30, 2010.

3. The Santa Monica Mountains Conservancy shall provide a report to the Department of Finance on donations received during the prior fiscal year on or before September 1 of each year.

3810-301-6029—For capital outlay, Santa Monica Mountains Conservancy, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..... 118,000

Schedule:

(1) 50.20-Capital Outlay and Local Assistance..... 118,000

Provisions:

1. The Santa Monica Mountains Conservancy may encumber funds for either capital outlay or local assistance grants until June 30, 2010. The conservancy shall not encumber funds for any grant not previously approved by the Office of the Attorney General.
2. The Santa Monica Mountains Conservancy shall issue grants from this appropriation only in accordance with the General Obligation Bond Law and the specific provisions of the bond funds from which appropriations have been made, and according to advice it has received from the Office of the Attorney General, and if appropriate, from the Office of State Treasurer, respecting the permissible use of bond funds available to the conservancy.
3. Any time that the Office of the Attorney General concludes that any use of bond funds has not been consistent with the advice provided by the Attorney General, the Santa Monica Mountains Conservancy shall follow the instructions of the Attorney General with respect to recovery, refund, or other settlement.

3810-301-6051—For capital outlay, Santa Monica Mountains Conservancy, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 17,000,000

Schedule:

- (1) 50.20-Capital Outlay and Local Assistance..... 17,000,000

Provisions:

1. The Santa Monica Mountains Conservancy may encumber funds for either capital outlay or local assistance grants until June 30, 2010. The conservancy shall not encumber funds for any grant not previously approved by the office of the Attorney General.
2. The Santa Monica Mountains Conservancy shall issue grants from this appropriation only in accordance with the General Obligation Bond Law and the specific provisions of the bond funds from which appropriations have been made, and according to advice it has received from the office of the Attorney General, and, if appropriate, from the office of the State Treasurer, respecting

the permissible use of bond funds available to the conservancy.

3. Any time that the office of the Attorney General concludes that any use of bond funds has not been consistent with the advice provided by the Attorney General, the Santa Monica Mountains Conservancy shall follow the instructions of the Attorney General with respect to recovery, refund, or other settlement.

3820-001-0001—For support of San Francisco Bay Conservation and Development Commission.....	4,420,000
Schedule:	
(1) 10-Bay Conservation and Development.....	5,305,000
(2) Reimbursements.....	-679,000
(3) Amount payable from the Bay Fill Clean-up and Abatement Fund (Item 3820-001-0914).....	-206,000
3820-001-0914—For support of San Francisco Bay Conservation and Development Commission, for payment to Item 3820-001-0001, payable from the Bay Fill Clean-up and Abatement Fund.....	206,000
3825-001-0140—For support of San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, payable from the California Environmental License Plate Fund.....	319,000
Schedule:	
(1) 10-San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy.....	1,164,000
(2) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3825-001-6029).....	-172,000
(3) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3825-001-6031).....	-150,000
(4) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3825-001-6051).....	-523,000

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3825-001-6029—For support of San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, for payment to Item 3825-001-0140, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund.....	172,000
3825-001-6031—For support of San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, for payment to Item 3825-001-0140, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.....	150,000
3825-001-6051—For support of San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, for payment to Item 3825-001-0140, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....	523,000
3825-301-6051—For capital outlay, San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....	25,000,000
Provisions:	
1. The funds appropriated in this item are available for expenditure for capital outlay or grants until June 30, 2010.	
3825-490—Reappropriation, San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy. The balance of the appropriation provided in the following citation is reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriation and shall be available for encumbrance or expenditure until June 30, 2010:	
6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	
(1) Item 3825-301-6029, Budget Act of 2002 (Ch. 379, Stats. 2002)	
3830-001-0104—For support of San Joaquin River Conservancy, for payment to Item 3830-001-0140, payable from the San Joaquin River Conservancy Fund.....	59,000
3830-001-0140—For support of San Joaquin River Conservancy, payable from the California Environmental License Plate Fund.....	282,000
Schedule:	
(1) 10-San Joaquin River Conservancy.....	456,000

(2) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3830-001-6029).....	-115,000	
(3) Amount payable from the San Joaquin River Conservancy Fund (Item 3830-001-0104).....	-59,000	
3830-001-6029—For support of San Joaquin River Conservancy, for payment to Item 3830-001-0140, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund.....		115,000
3830-301-0104—For capital outlay, San Joaquin River Conservancy, payable from the San Joaquin River Conservancy Fund.....		0
Schedule:		
(1) 20-Capital Outlay Acquisitions and Improvement Projects.....	1,000,000	
(2) Reimbursements.....	-1,000,000	
Provisions:		
1. The funds appropriated in this item are available for expenditure for capital outlay or local assistance until June 30, 2010.		
2. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, loans may be made from the General Fund to meet cashflow needs due to delays in collecting reimbursements. Any loan authorized by the Department of Finance pursuant to this provision shall only be made if the conservancy has a valid contract or certification that demonstrates that sufficient funds will be available to repay the loan. The loan shall be repaid no later than June 30 of the following fiscal year.		
3835-001-0140—For support of Baldwin Hills Conservancy, payable from the California Environmental License Plate Fund.....		329,000
Schedule:		
(1) 10-Baldwin Hills Conservancy.....	440,000	
(2) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3835-001-6029).....	-111,000	

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3835-001-6029—For support of Baldwin Hills Conservancy, for payment to Item 3835-001-0140, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund.... 111,000

3835-301-3014—For capital outlay, Baldwin Hills Conservancy, payable from the Baldwin Hills Conservancy Fund..... 0

Schedule:

- (1) 20-Capital Outlay Acquisition and Improvement Program..... 1,000,000
- (2) Reimbursements..... -1,000,000

Provisions:

- 1. The funds appropriated in this item are available for expenditure for capital outlay or local assistance until June 30, 2010.
- 2. Notwithstanding any other provision of law, upon approval of the Department of Finance, loans may be made from the General Fund to meet cashflow needs due to delays in collecting reimbursements. Any loan authorized by the Department of Finance pursuant to this provision shall only be made if the Baldwin Hills Conservancy has a valid contract or certification that demonstrates that sufficient funds will be available to repay the loan. The loan shall be repaid no later than June 30 of the following fiscal year.

3835-301-6051—For capital outlay, Baldwin Hills Conservancy, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 3,050,000

Schedule:

- (1) 20-Capital Outlay Acquisition and Improvement Program..... 3,050,000

Provisions:

- 1. Funds appropriated in this item are available for expenditures for capital outlay or local assistance through June 30, 2010.

3835-490—Reappropriation, Baldwin Hills Conservancy. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2010:

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

- (1) Item 3835-301-6029, Budget Act of 2002 (Ch. 379, Stats. 2002)

[Ch. 171]	STATUTES OF 2007	1445
Item		Amount
3840-001-0140—For support of Delta Protection Commission, payable from the California Environmental License Plate Fund.....		169,000
3840-001-0516—For support of Delta Protection Commission, payable from the Harbors and Watercraft Revolving Fund.....		233,000
Schedule:		
(1) 10-Delta Protection.....	243,000	
(2) Reimbursements.....	-10,000	
3845-001-0140—For support of San Diego River Conservancy, payable from the California Environmental License Plate Fund.....		299,000
Schedule:		
(1) 10-San Diego River Conservancy....	299,000	
3850-001-0140—For support of Coachella Valley Mountains Conservancy, payable from the California Environmental License Plate Fund.....		266,000
Schedule:		
(1) 10-Coachella Valley Mountains Conservancy.....	429,000	
(2) Reimbursements.....	-65,000	
(3) Amount payable from the Coachella Valley Mountains Conservancy Fund (Item 3850-001-0296).....	-32,000	
(4) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3850-001-6051).....	-66,000	
3850-001-0296—For support of Coachella Valley Mountains Conservancy, for payment to Item 3850-001-0140, payable from the Coachella Valley Mountains Conservancy Fund.....		32,000
3850-001-6051—For support of Coachella Valley Mountains Conservancy, for payment to Item 3850-001-0140, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....		66,000
3850-301-6051—For capital outlay, Coachella Valley Mountains Conservancy, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Fund of 2006.....		11,514,000
Schedule:		
(1) 20-Coachella Valley Mountains Acquisition and Enhancement Projects and Costs.....	11,514,000	

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Item

STATUTES OF 2007

[Ch. 171]
Amount

Provisions:

1. The funds appropriated in this item are available for expenditure for capital outlay or local assistance until June 30, 2010.

3855-001-0140—For support of Sierra Nevada Conservancy, payable from the California Environmental License Plate Fund..... 3,904,000

Schedule:

- (1) 10-Sierra Nevada Conservancy..... 4,604,000
- (2) Reimbursements..... -200,000
- (3) Amount payable from Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3855-001-6051)..... -500,000

3855-001-6051—For support of Sierra Nevada Conservancy, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 500,000

3855-101-6051—For local assistance, Sierra Nevada Conservancy, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 17,000,000

3860-001-0001—For support of Department of Water Resources..... 62,662,000

Schedule:

- (1) 10-Continuing Formulation of the California Water Plan..... 120,292,000
- (2) 20-Implementation of the State Water Resources Development System..... 5,336,000
- (3) 30-Public Safety and Prevention of Damage..... 109,197,000
- (4) 40-Services..... 9,252,000
- (5) 45-California Energy Resources Scheduling (CERS)..... 22,584,000
- (6) 50.01-Management and Administration..... 63,848,000
- (7) 50.02-Distributed Management and Administration..... -63,848,000
- (8) Reimbursements..... -47,503,000
- (9) Amount payable from the California Environmental License Plate Fund (Item 3860-001-0140)..... -298,000
- (10) Amount payable from the Central Valley Project Improvement Subaccount (Item 3860-001-0404)..... -1,575,000

(11) Amount payable from the Feasibility Projects Subaccount (Item 3860-001-0445).....	-114,000
(12) Amount payable from the Water Conservation and Groundwater Recharge Subaccount (Item 3860-001-0446).....	-125,000
(13) Amount payable from the Energy Resources Programs Account (Item 3860-001-0465).....	-2,177,000
(14) Amount payable from the Local Projects Subaccount (Item 3860-001-0543).....	-101,000
(15) Amount payable from the Sacramento Valley Water Management and Habitat Protection Subaccount (Item 3860-001-0544).....	-40,000
(16) Amount payable from the 1986 Water Conservation and Water Quality Bond Fund (Item 3860-001-0744).....	-195,000
(17) Amount payable from the Federal Trust Fund (Item 3860-001-0890).....	-12,863,000
(18) Amount payable from the Dam Safety Fund (Item 3860-001-3057).....	-9,448,000
(19) Amount payable from the Department of Water Resources Electric Power Fund (Item 3860-001-3100).....	-22,584,000
(20) Amount payable from the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Fund (Item 3860-001-6001).....	-1,001,000
(21) Amount payable from the Flood Protection Corridor Subaccount (Item 3860-001-6005).....	-300,000
(22) Amount payable from the Urban Stream Restoration Subaccount (Item 3860-001-6007).....	-134,000
(23) Amount payable from the Yuba Feather Flood Protection Subaccount (Item 3860-001-6010).....	-371,000

(24)	Amount payable from the Water Conservation Account (Item 3860-001-6023).....	-816,000
(25)	Amount payable from the Conjunctive Use Subaccount (Item 3860-001-6025).....	-1,371,000
(26)	Amount payable from the Bay-Delta Multipurpose Water Management Subaccount (Item 3860-001-6026).....	-6,074,000
(27)	Amount payable from the Interim Water Supply and Water Quality Infrastructure and Management Subaccount (Item 3860-001-6027).....	-2,685,000
(28)	Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3860-001-6031).....	-46,109,000
(29)	Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3860-001-6051).....	-12,165,000
(30)	Amount payable from the Disaster Preparedness and Flood Prevention Bond Fund of 2006 (Item 3860-001-6052).....	-35,950,000

Provisions:

1. The amounts appropriated in Items 3860-001-0001 to 3860-001-6052, inclusive, shall be transferred to the Water Resources Revolving Fund (0691) for direct expenditure in such amounts as the Department of Finance may authorize, including cooperative work with other agencies.
2. The funds appropriated in this item for purposes of subdivision (n) of Section 75050 of the Public Resources Code may only be used consistent with the terms of the settlement agreement in NRDC v. Rodgers for the following: studies, baseline monitoring, and other project planning management, and research costs; establishment, operation, and other costs of the Technical Advisory Committee; and the establishment, operation, and other costs of the Restoration Admin-

istrator. To the extent that the Technical Advisory Committee gives advice directly to state agencies, the Technical Advisory Committee shall play only an advisory role to the state.

3860-001-0140—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the California Environmental License Plate Fund.....	298,000
3860-001-0404—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Central Valley Project Improvement Subaccount.....	1,575,000
3860-001-0445—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Feasibility Projects Subaccount....	114,000
3860-001-0446—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Water Conservation and Groundwater Recharge Subaccount.....	125,000
3860-001-0465—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Energy Resources Programs Account.....	2,177,000
3860-001-0543—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Local Projects Subaccount.....	101,000
3860-001-0544—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Sacramento Valley Water Management and Habitat Protection Subaccount.....	40,000
3860-001-0744—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the 1986 Water Conservation and Water Quality Bond Fund.....	195,000
3860-001-0890—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Federal Trust Fund.....	12,863,000
3860-001-3057—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Dam Safety Fund.....	9,448,000
3860-001-3100—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Department of Water Resources Electric Power Fund.....	22,584,000

Item

Amount

3860-001-6001—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Fund.....	1,001,000
3860-001-6005—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Flood Protection Corridor Subaccount.....	300,000
3860-001-6007—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Urban Stream Restoration Subaccount.....	134,000
3860-001-6010—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Yuba Feather Flood Protection Subaccount.....	371,000
3860-001-6023—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Water Conservation Account.....	816,000
3860-001-6025—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Conjunctive Use Subaccount.....	1,371,000
3860-001-6026—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Bay-Delta Multipurpose Water Management Subaccount.....	6,074,000
Provisions:	
1. This item includes \$1,750,000 for the CALFED Conveyance Program. These funds shall be available for expenditure or encumbrance until June 30, 2009.	
3860-001-6027—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Interim Water Supply and Water Quality Infrastructure and Management Subaccount.....	2,685,000
3860-001-6031—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002....	46,109,000
Provisions:	
1. This item includes \$4,125,000 for the CALFED Water Quality Program. These funds shall be available for expenditure or encumbrance until June 30, 2009.	

3860-001-6051—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....	12,165,000
3860-001-6052—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Disaster Preparedness and Flood Prevention Bond Fund of 2006.....	35,950,000
Provisions:	
2. Of the amount appropriated in this item, \$16,400,000 shall be used to continue critical flood control projects originally planned to be funded from Chapter 34 of the Statutes of 2006. These funds shall be available for encumbrance or expenditure until June 30, 2009.	
3860-002-0001—For support of Department of Water Resources, for annual payment related to Coordination Proceeding Special Title (Rule 1550(b)) February 20, 1986, Flood Cases (Paterno v. State of California (2003) 113 Cal.App.4th 998).....	65,171,000
Provisions:	
1. This item is for the payment of the settlement entered into by the State of California and the plaintiffs of the Coordination Proceeding Special Title (Rule 1550(b)) February 20, 1986, Flood Cases (Paterno v. State of California (2003) 113 Cal.App.4th 998), that was ultimately acquired by Merrill Lynch & Co. and allows for repayment over a 10-year period ending in 2015. Interest payments are due each December 1 and June 1. A principal payment is due each June 1.	
2. Because the judgment terms include a variable interest rate, the precise amount of the payments that will come due cannot be determined with certainty beforehand. In the event that the actual total payments for this item exceed the amount appropriated in this item, the Director of Finance is hereby authorized to increase this item in an amount necessary to pay the full required amount. The Director of Finance shall notify the Joint Legislative Budget Committee 30 days prior to the expenditure of any additional funds from this item.	
3. In the event that the actual total payments for this item are less than the amount appropriated,	

the excess funds will revert to the General Fund on June 30, 2008.

3860-101-0544—For local assistance, Department of Water Resources, payable from the Sacramento Valley Water Management and Habitat Protection Subaccount..... 8,448,000

3860-101-0744—For local assistance, Department of Water Resources, payable from the 1986 Water Conservation and Water Quality Bond Fund..... 1,600,000

3860-101-0790—For local assistance, Department of Water Resources, payable from the 1988 Water Conservation Fund..... 8,974,000

3860-101-6010—For local assistance, Department of Water Resources, payable from the Yuba Feather Flood Protection Subaccount..... 1,834,000

3860-101-6023—For local assistance, Department of Water Resources, payable from the Water Conservation Account..... 12,000,000

Provisions:

- 1. The funds appropriated in this item shall be available for encumbrance by the Department of Water Resources until June 30, 2010, and available for liquidation until June 30, 2012.

3860-101-6031—For local assistance, Department of Water Resources, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002..... 106,035,000

Provisions:

- 1. This item contains \$99,635,000 for the Integrated Regional Water Management grant program. These funds shall be available for encumbrance until June 30, 2009, and for liquidation until June 30, 2012.

3860-101-6051—For local assistance, Department of Water Resources, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006..... 229,340,000

Provisions:

- 1. This item contains \$34,740,000 for canal lining and other groundwater conjunctive use projects. These funds shall be available for encumbrance until June 30, 2010.
- 2. This item includes \$9,100,000 for the Urban Streams Restoration Program. These funds shall be available for expenditure or encumbrance until June 30, 2009.

Item Amount

3860-101-6052—For local assistance, Department of Water Resources, payable from the Disaster Preparedness and Flood Prevention Bond Fund of 2006.....	197,450,000
3860-102-0001—For local assistance, Department of Water Resources.....	47,282,000
3860-301-0001—For capital outlay, Department of Water Resources.....	428,000

Schedule:

(0.5) 30.95.130-West Sacramento Project.....	428,000
(1) 30.95.305-Rock Creek/Keefer Slough: Feasibility Study.....	488,000
(2) 30.95.314-Frazier Creek/Strathmore Creek: Feasibility Study.....	250,000
(3) 30.95.315-White River/Deer Creek: Feasibility Study.....	250,000
(4) R e i m b u r s e m e n t s — R o c k Creek/Keefer Slough: Feasibility Study.....	-488,000
(5) R e i m b u r s e m e n t s — F r a z i e r Creek/Strathmore Creek Feasibility Study.....	-250,000
(6) Reimbursements—White River/Deer Creek Feasibility Study....	-250,000

Provisions:

1. The funds appropriated in this item may be expended for relocations and acquisition of land, easements, and rights-of-way, including, but not limited to, borrow pits, spoil areas, and easements for levees, clearing, flood control works, and flowage, and for appraisals, surveys, and engineering studies necessary for the completion or operation of the projects in the Sacramento and San Joaquin watersheds as authorized by Section 8617.1 and Chapters 1 (commencing with Section 12570), 2 (commencing with Section 12639), 3 (commencing with Section 12800), 3.5 (commencing with Section 12840), and 4 (commencing with Section 12850) of Part 6 of Division 6 of the Water Code. Notwithstanding paragraph (1) of subdivision (a) of Section 12582.7 and Section 12585.5 of the Water Code, prior to state and federal authorization of the project and appropriation of federal construction funds by Congress and subsequent to submittal of a report to the Legislature pursuant to Section 12582.7, the amounts appropriated in this item

- may be expended for state costs associated with preconstruction design and engineering work conducted by the federal government and others.
2. The amounts appropriated in this item are also for advances to the federal government or payments to the federal government or others for incidental construction or reconstruction items that are an obligation of the state in connection with the completion or operation of the projects and for materials and necessary construction, reconstruction, relocation, or alterations to highways, railroads, bridges, power lines, communication lines, pipelines, irrigation works, and other structures and facilities and for appraisals, surveys, and engineering studies incidental thereto.
 3. The funds appropriated in this item include funding for preliminary plans, working drawings, construction supervision, contract administration, and other work activities to be performed by Department of Water Resources personnel in completion of the projects.
 4. The funds appropriated in this item may be used to implement the above projects by arranging to perform work which is a federal responsibility prior to the availability of federal appropriations with the intention that the costs will be reimbursed or eligible for credit by the federal government as provided in Public Law 99-662, Section 104, November 17, 1986, or Public Law 90-488, Section 215, August 13, 1968.
 5. Notwithstanding Section 26.00, funds may be transferred, with the approval of the Department of Finance, between projects specified in this item and other Department of Water Resources major capital outlay projects with an active appropriation. The Director of Finance shall notify, in writing, the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, within 30 days or such lesser time as the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine, prior to any transfer.
 6. Payments from a local sponsor to pay for obligations that are federal obligations may be received by the Department of Water Resources and ad-

vanced to the federal government with the intent that the costs shall be reimbursed or eligible for credit.

3860-301-6052—For capital outlay, Department of Water Resources, payable from the Disaster Preparedness and Flood Prevention Bond Fund of 2006..... 46,747,000

Schedule:

- (1) 30.95.155-Mid-Valley Levee Reconstruction Project..... 874,000
- (2) 30.95.245-American River Flood Control Project-Natomas Features..... 3,740,000
- (3) 30.95.260-South Sacramento County Streams..... 8,851,000
- (4) 30.95.328-American River Watershed, Folsom Dam Raise Project.... 29,309,000
- (5) 30.95.330-American River Watershed, Folsom Dam Raise Project, Bridge Element..... 4,401,000
- (6.2) 30.95.342-Sutter Pumping Plants' Control Systems..... 4,500,000
- (6.3) 30.95.343-Sutter Bypass East Water Control Structures..... 7,000,000
- (7) Reimbursements—Mid-Valley Levee Reconstruction Project..... -233,000
- (8) Reimbursements—South Sacramento County Streams..... -2,618,000
- (9) Reimbursements—American River Watershed, Folsom Dam Raise Project..... -9,077,000

Provisions:

- 1. The funds appropriated in this item may be expended for relocations and acquisition of land, easements, and rights-of-way, including, but not limited to, borrow pits, spoil areas, and easements for levees, clearing, flood control works, and flowage, and for appraisals, surveys, and engineering studies necessary for the completion or operation of the projects in the Sacramento and San Joaquin watersheds as authorized by Section 8617.1 and Chapters 1 (commencing with Section 12570), 2 (commencing with Section 12639), 3 (commencing with Section 12800), 3.5 (commencing with Section 12840), and 4 (commencing with Section 12850) of Part 6 of Division 6 of the Water Code. Notwithstanding paragraph (1) of subdivision (a) of Section

12582.7 and Section 12585.5 of the Water Code, prior to state and federal authorization of the project and appropriation of federal construction funds by Congress and subsequent to submittal of a report to the Legislature pursuant to Section 12582.7, the amounts appropriated in this item may be expended for state costs associated with preconstruction design and engineering work conducted by the federal government and others.

2. The amounts appropriated in this item are also for advances to the federal government or payments to the federal government or others for incidental construction or reconstruction items that are an obligation of the state in connection with the completion or operation of the projects and for materials and necessary construction, reconstruction, relocation, or alterations to highways, railroads, bridges, power lines, communication lines, pipelines, irrigation works, and other structures and facilities and for appraisals, surveys, and engineering studies incidental thereto.
3. The funds appropriated in this item include funding for preliminary plans, working drawings, construction supervision, contract administration, and other work activities to be performed by Department of Water Resources personnel in completion of the projects.
4. The funds appropriated in this item may be used to implement the above projects by arranging to perform work which is a federal responsibility prior to the availability of federal appropriations with the intention that the costs will be reimbursed or eligible for credit by the federal government as provided in Public Law 99-662, Section 104, November 17, 1986, or Public Law 90-488, Section 215, August 13, 1968.
5. Notwithstanding Section 26.00, funds may be transferred, with the approval of the Department of Finance, between projects specified in this item and other Department of Water Resources major capital outlay projects with an active appropriation. The Director of Finance shall notify, in writing, the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, within 30 days or such lesser time

as the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine, prior to any transfer.

- 6. Payments from a local sponsor to pay for obligations that are federal obligations may be received by the Department of Water Resources and advanced to the federal government with the intent that the costs shall be reimbursed or eligible for credit.

3860-302-6052—For capital outlay, Department of Water Resources, payable from the Disaster Preparedness and Flood Prevention Bond Fund of 2006..... 193,510,000
Schedule:

- (1) 30.95.130-West Sacramento Project..... 10,321,000
- (2) 30.95.340-Systemwide Levee Evaluations and Repairs..... 165,000,000
- (3) 30.95.341-State-Federal Flood Control Evaluations..... 20,000,000
- (4) Reimbursements-West Sacramento Project..... -1,811,000

Provisions:

- 1. Funds appropriated in this item shall be expended for the evaluation, repair, rehabilitation, reconstruction, or replacement of flood protection facilities to their original design performance consistent with subdivision (a) of Section 5096.821 of the Public Resources Code, or for study and evaluation of facilities to provide enhanced levels of flood protection consistent with subdivision (b) of Section 5096.821 of the Public Resources Code.
- 2. Funds appropriated in this item may also be used for any of the following:
 - (a) Advances to the federal government or payments to the federal government or others for incidental construction or reconstruction items that are an obligation of the state in connection with the completion or operation of the projects and for materials.
 - (b) Flood protection-related obligations of the state associated with necessary construction, reconstruction, relocation, or alterations to highways, railroads, bridges, power lines, communication lines, pipelines, irrigation works, and other structures and facilities,

and for appraisals, surveys, and engineering studies incidental thereto.

- (c) Flood protection-related planning studies, surveys, preliminary plans, drawings, acquisitions, relocations, rights of way, construction, construction supervision, contract administration, and other work activities to be performed by Department of Water Resources personnel for completion of the projects.
- 3. Funds appropriated in this item may be used to implement the above projects without arrangements with the federal government after making all feasible efforts to obtain funding from the federal government in advance or by arranging to perform work which is a federal responsibility prior to the availability of federal appropriations with the intention that the costs will be reimbursed or eligible for credit by the federal government as provided in Public Law 99-662, Section 104, November 17, 1986, or Public Law 90-488, Section 215, August 13, 1968.
- 4. Notwithstanding Section 26.00, funds may be transferred, with the approval of the Department of Finance, among projects specified in this item and other Department of Water Resources flood protection-related major capital outlay projects with an active appropriation. The Director of Finance shall notify, in writing, the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, within 30 days or such lesser time as the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine, prior to any transfer.
- 5. Payments from a local sponsor may be received by the Department of Water Resources and may be advanced to the federal government.
- 6. Schedule (2) contains \$165,000,000 and Schedule (3) contains \$20,000,000 for critical flood control activities originally intended to be funded through Chapter 34 of the Statutes of 2006.

3860-490—Reappropriation, Department of Water Resources. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2008:

6023—Water Conservation Account

- (1) Item 3860-101-6023, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) for purposes of the Agricultural Water Conservation Program.

6026—Bay-Delta Multipurpose Water Management Subaccount

- (1) Item 3860-001-6026, Budget Act of 2004 (Ch. 208, Stats. 2004), as reappropriated by Item 3860-491, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for purposes of the CALFED Science, Conveyance, Water Quality and Ecosystem Restoration Programs.
- (2) Item 3860-001-6026, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), for the CALFED Conveyance, Water Quality, and Ecosystem Restoration Programs.

6027—Interim Water Supply and Water Quality Infrastructure and Management Subaccount

- (1) Item 3860-101-6027, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3860-492, Budget Act of 2001 (Ch. 106, Stats. 2001), and reappropriated by Item 3860-491, Budget Acts of 2002 (Ch. 379, Stats. 2002) and 2005 (Chs. 38 and 39, Stats. 2005), for purposes of the Environmental Water Account.

6031—Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002

- (1) Item 3860-001-6031, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), for purposes of the CALFED Conveyance and Pilot Projects Programs.

3860-491—Reappropriation, Department of Water Resources. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations is extended to June 30, 2009:

0543—Local Projects Subaccount

- (1) 3860-101-0543, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3860-492, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for purposes of the Local Project Loan and Grant Program.

(2) Item 3860-101-0543, Budget Act of 2004 (Ch. 208, Stats. 2004), for purposes of the Local Project Loan and Grant Program.

6005—Flood Protection Corridor Subaccount

(1) Item 3860-101-6005, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3860-492, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for purposes of the Flood Protection Corridor Program.

(2) Item 3860-101-6005, Budget Act of 2002 (Ch. 379, Stats. 2002), as reappropriated by Item 3860-492, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for purposes of the Flood Protection Corridor Program.

6007—Urban Stream Restoration Subaccount

(1) Item 3860-101-6007, Budget Act of 2002 (Ch. 379, Stats. 2002), as reappropriated by Item 3860-492, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for purposes of the Urban Stream Restoration Program.

6010—Yuba Feather Flood Protection Subaccount

(1) Item 3860-101-6010, Budget Act of 2002 (Ch. 379, Stats. 2002), as reappropriated by Item 3860-492, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).

6023—Water Conservation Account

(1) Item 3860-101-6023, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3860-492, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for purposes of the Groundwater Recharge Program, Urban Water Conservation Grant Program, and Agricultural Water Conservation Program.

(2) Item 3860-101-6023, Budget Act of 2002 (Ch. 379, Stats. 2002), as reappropriated by Item 3860-492, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for purposes of the Infrastructure Rehabilitation Program, Agricultural Water Conservation Program, and Urban Water Conservation Grant Program.

6025—Conjunctive Use Subaccount

(1) Item 3860-101-6025, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3860-492, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for purposes of the Groundwater Storage Program.

- (2) Item 3860-101-6025, Budget Act of 2004 (Ch. 208, Stats. 2004), 10.29 Groundwater Storage Program.
6026—Bay-Delta Multipurpose Water Management Subaccount
 - (1) Item 3860-001-6026, Budget Act of 2004 (Ch. 208, Stats. 2004), for purposes of the Drinking Water Quality Program.
6027—Interim Water Supply and Water Quality Infrastructure and Management Subaccount
 - (1) Item 3860-101-6027, Budget Act of 2002 (Ch. 379, Stats. 2002), as reappropriated by Item 3860-492, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for purposes of the Interim Reliable Water Supply Program.
6031—Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002
 - (1) Section 73 of Chapter 3 of the Statutes of 2003, First Extraordinary Session, as reappropriated by Item 3860-492, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), for purposes of the Drought Panel Program.
 - (2) Item 3860-101-6031, Budget Act of 2004 (Ch. 208, Stats. 2004), for purposes of the Drought Panel Program.
- 3860-492—Reappropriation, Department of Water Resources. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2009:
- 0001—General Fund
 - (1) Item 3860-301-0001, Budget Act of 2001 (Ch. 106, Stats. 2001), as reappropriated by Item 3860-490, Budget Act of 2004 (Ch. 208, Stats. 2004)
 - (1) 30.95.010-Sacramento Riverbank Protection Project
 - (1.5) 30.95.030.201-Merced County Streams, Castle Dam Unit—Construction
 - (2.5) 30.95.215.201-Lower Sacramento Area Levee Reconstruction Project
 - (4.5) 30.95.295.201-Tehama Section 205 Flood Control Project—Construction

3860-493—Reappropriation, Department of Water Resources. The periods to liquidate encumbrances for the following citations are extended until June 30, 2009:

0001—General Fund

- (1) Item 3860-301-0001, Budget Act of 1999 (Ch. 50, Stats. 1999), as reappropriated by Item 3860-492, Budget Act of 2004 (Ch. 208, Stats. 2004)
- (4) 30.95.205-Sutter County Bridge Replacement

- (2) Item 3860-301-0001, Budget Act of 1999 (Ch. 50, Stats. 1999), as reappropriated by Item 3860-492, Budget Act of 2002 (Ch. 379, Stats. 2002)
- (5) 30.95.280-Terminus Dam, Lake Kaweah Project

- (3) Item 3860-301-0001, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3860-492, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

(2) 30.95.030-Merced County Streams

- (4) Item 3860-301-0001, Budget Act of 2002 (Ch. 379, Stats. 2002)

(1) 30.95.115-American River Flood Control Project Phase I: Common Elements

3860-495—Reversion, Department of Water Resources. As of June 30, 2007, the appropriations provided in the following citations shall revert to the fund from which the appropriations were made:

0001—General Fund

- (1) Item 3860-101-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)..... 16,000,000

6007—Urban Stream Restoration Subaccount

- (1) Item 3860-001-6007, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)..... 94,674

- (2) Item 3860-101-6007, Budget Act of 2001 (Ch. 106, Stats. 2001)..... 39,768

6010—Yuba Feather Flood Protection Subaccount

- (1) Item 3860-001-6010, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)..... 521,649

- (2) Item 3860-101-6010, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)..... 312,739

6031—Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002

(1) Item 3860-001-6031, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).....	114,000
3860-496—Reversion, Department of Water Resources. As of June 30, 2007, the balances specified below of the appropriations provided in the following citations shall revert to the balances in the fund from which the appropriations were made:	
0001—General Fund	
(1) Item 3860-301-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)	
(5) 30.95.311-Folsom Dam Modifications Project.....	428,000
(2) Section 1 of Chapter 34, Statutes of 2006.....	168,000,000

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

3900-001-0001—For support of State Air Resources Board, for payment to Item 3900-001-0044.....	2,435,000
Provisions:	
1. Of the amount appropriated in this item, \$1,000,000 is to cover litigation expenses associated with Chapter 200 of the Statutes of 2002.	
3900-001-0044—For support of State Air Resources Board, payable from the Motor Vehicle Account, State Transportation Fund.....	88,500,000
Schedule:	
(1) 15-Mobile Source.....	688,291,000
(2) 25-Stationary Source.....	53,845,000
(3) 30.01-Program Direction and Support.....	14,620,000
(4) 30.02-Distributed Program Direction and Support.....	-14,620,000
(5) Reimbursements.....	-5,075,000
(6) Amount payable from the General Fund (Item 3900-001-0001).....	-2,435,000
(7) Amount payable from the Air Pollution Control Fund (Item 3900-001-0115).....	-172,553,000
(8) Amount payable from the Vehicle Inspection and Repair Fund (Item 3900-001-0421).....	-13,252,000
(9) Amount payable from the Air Toxics Inventory and Assessment Account (Item 3900-001-0434).....	-869,000

(9.5)	Amount payable from the Energy Resources Programs Account (Item 3900-001-0465).....	-966,000
(10)	Amount payable from the Federal Trust Fund (Item 3900-001-0890).....	-13,963,000
(11)	Amount payable from the Non-Toxic Dry Cleaning Incentive Trust Fund (Item 3900-001-3070).....	-1,523,000
(12)	Amount payable from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 3900-001-6053).....	-193,000,000
(13)	Amount payable from the California Ports Infrastructure, Security, and Air Quality Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 3900-001-6054).....	-250,000,000
3900-001-0115	—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Air Pollution Control Fund.....	172,553,000
	Provisions:	
1.	When expending funds appropriated in this item in order to consider market based compliance mechanisms, the State Air Resources Board shall only consider those mechanisms that are defined by the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code).	
2.	Of this amount, \$1,000,000 is to cover litigation expenses associated with Chapter 200 of the Statutes of 2002.	
3.	The implementation of early action measures shall include, but not be limited to, reductions of pollutants such as methane and black carbon.	
4.	The 31.0 positions authorized under this item for source-specific emission reductions shall be used solely for direct emission reductions related work as defined under Section 38505 of the Health and Safety Code.	
5.	Only 2.0 positions provided to the State Air Resources Board in this item shall evaluate and assess market-based compliance mechanisms	

that are specified in Section 38505 of the Health and Safety Code.

- 6. Of the positions authorized under this item, 2.0 positions shall be used to staff those committees established pursuant to Section 38590 of the Health and Safety Code. The committees established by Section 38590 of the Health and Safety Code shall be subject to state public notice and open meeting laws.

3900-001-0421—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Vehicle Inspection and Repair Fund..... 13,252,000

3900-001-0434—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Air Toxics Inventory and Assessment Account..... 869,000

3900-001-0465—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Energy Resources Programs Account..... 966,000

3900-001-0890—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Federal Trust Fund..... 13,963,000

3900-001-3070—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Non-Toxic Dry Cleaning Incentive Trust Fund..... 1,523,000

3900-001-6053—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 193,000,000

Provisions:

- 1. The funds appropriated in this item shall be available for encumbrance by the State Air Resources Board until June 30, 2009.

3900-001-6054—For support of Air Resources Board, for payment to Item 3900-001-0044, payable from the California Ports Infrastructure, Security, and Air Quality Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 250,000,000

3900-011-0044—For transfer by the Controller, from the Motor Vehicle Account, State Transportation Fund, to the Air Pollution Control Fund..... (15,179,000)

Provisions:

- 1. The transfer made by this item is a loan to the Air Pollution Control Fund.

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Item

STATUTES OF 2007

[Ch. 171]
Amount

3900-101-0044—For local assistance, State Air Resources Board, for assistance to counties in the operation of local air pollution control districts, payable from the Motor Vehicle Account, State Transportation Fund.....	10,111,000
Schedule:	
(1) 35-Subvention.....	10,111,000
Provisions:	
1. It is the intent of the Legislature that funds appropriated in this item shall not be used to reduce the fees paid by permittees to the local air quality management and air pollution control districts.	
3900-491—Reappropriation, Air Resources Board. The balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, in those appropriations:	
0115—Air Pollution Control Fund	
(1) Item 3900-301-0115, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)	
(1) 40.10.002—Haagen-Smit Laboratory Seismic Retrofit—Construction	
3910-001-0100—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the California Used Oil Recycling Fund.....	4,934,000
Provisions:	
1. Notwithstanding subdivision (d) of Section 48653 of the Public Resources Code, the aggregate of appropriations from the California Used Oil Recycling Fund may exceed \$3,000,000 during the 2007–08 fiscal year.	
3910-001-0226—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the California Tire Recycling Management Fund.....	21,977,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2. Notwithstanding Section 42889 of the Public Resources Code, expenditures for administration of the Tire Recycling Program may exceed the limits set forth in subdivisions (a) and (b) of Section 42889 of the Public Resources Code.	

Item Amount

3910-001-0281—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Recycling Market Development Revolving Loan Subaccount, Integrated Waste Management Account.....	970,000
3910-001-0386—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Solid Waste Disposal Site Cleanup Trust Fund.....	572,000
Provisions:	
1. Notwithstanding Section 48020 of the Public Resources Code, expenditures for administration of the Solid Waste Cleanup Trust Fund Program may exceed the limits set forth in subdivision (c) of Section 48020 of the Public Resources Code.	
3910-001-0387—For support of California Integrated Waste Management Board, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....	43,787,000
Schedule:	
(1) 11-Waste Reduction and Management.....	88,406,000
(2) 30.01-Administration.....	9,702,000
(3) 30.02-Distributed Administration....	-9,702,000
(4) Reimbursements.....	-335,000
(5) Amount payable from the California Used Oil Recycling Fund (Item 3910-001-0100).....	-4,934,000
(6) Amount payable from the California Used Oil Recycling Fund (paragraph (4) of subdivision (a) of Section 48653 of the Public Resources Code).....	-716,000
(7) Amount payable from the California Used Oil Recycling Fund (paragraph (1) of subdivision (a) of Section 48653 of the Public Resources Code).....	-3,300,000
(8) Amount payable from the California Tire Recycling Management Fund (Item 3910-001-0226).....	-21,977,000
(9) Amount payable from the Recycling Market Development Revolving Loan Account, Integrated Waste Management Fund (Item 3910-001-0281).....	-970,000

- (10) Amount payable from the Solid Waste Disposal Site Cleanup Trust Fund (Item 3910-001-0386)..... -572,000
- (11) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 3910-006-0387)..... -640,000
- (12) Amount payable from the Farm and Ranch Solid Waste Cleanup and Abatement Account (Item 3910-001-0558)..... -1,107,000
- (13) Amount payable from the Rigid Container Account (Item 3910-001-3024)..... -162,000
- (14) Amount payable from the Electronic Waste Recovery and Recycling Account (Item 3910-001-3065).... -9,906,000

Provisions:

- 1. Notwithstanding subdivision (h) of Section 42023.1 of the Public Resources Code, the California Integrated Waste Management Board may offset the costs of administering the revolving loan program for Recycling Market Development Zones with funds appropriated in this item.
- 2. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

3910-001-0558—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Farm and Ranch Solid Waste Cleanup and Abatement Account..... 1,107,000

Provisions:

- 1. Notwithstanding Section 48100 of the Public Resources Code, expenditures for administration of the Farm and Ranch Solid Waste Cleanup and Abatement Grant Program may exceed the limits set forth in paragraph (3)(A) of subdivision (c) of Section 48100 of the Public Resources Code.

3910-001-3024—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Rigid Container Account..... 162,000

3910-001-3065—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Electronic Waste Recovery and Recycling Account..... 9,906,000

3910-003-0100—For transfer by the Controller, upon notification by the board, of an amount not to exceed the appropriation in this item, from the California Used Oil Recycling Fund to the Farm and Ranch Solid Waste Cleanup and Abatement Account pursuant to paragraph (2)(A) of subdivision (c) of Section 48100 of the Public Resources Code.....	(266,000)
3910-003-0226—For transfer by the Controller, upon notification by the board, of an amount not to exceed the appropriation in this item, from the California Tire Recycling Management Fund to the Farm and Ranch Solid Waste Cleanup and Abatement Account pursuant to paragraph (2)(A) of subdivision (c) of Section 48100 of the Public Resources Code.....	(400,000)
3910-003-0387—For transfer by the Controller from the Integrated Waste Management Account, Integrated Waste Management Fund, to the Recycling Market Development Revolving Loan Account as a loan pursuant to subdivision (a) of Section 42023.2 of the Public Resources Code.....	(5,000,000)
3910-004-0387—For transfer by the Controller from the Integrated Waste Management Account, Integrated Waste Management Fund, to the Solid Waste Disposal Site Cleanup Trust Fund pursuant to paragraph (1) of subdivision (c) of Section 48027 of the Public Resources Code.....	(5,000,000)
3910-005-0387—For transfer by the Controller, upon notification by the board, of an amount not to exceed the appropriation in this item, from the Integrated Waste Management Account, Integrated Waste Management Fund, to the Farm and Ranch Solid Waste Cleanup and Abatement Account pursuant to paragraph (2)(A) of subdivision (c) of Section 48100 of the Public Resources Code.....	(334,000)
3910-006-0387—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....	640,000
3910-101-0226—For local assistance, California Integrated Waste Management Board, payable from the California Tire Recycling Management Fund.....	17,300,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

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3910-101-0387—For local assistance, California Integrated Waste Management Board, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....		6,404,000
3930-001-0106—For support of Department of Pesticide Regulation, payable from the Department of Pesticide Regulation Fund.....		47,348,000
Schedule:		
(1) 10-Pesticide Programs.....	50,848,000	
(2) 20.01-Administration.....	9,732,000	
(3) 20.02-Distributed Administration....	-9,732,000	
(4) Reimbursements.....	-806,000	
(5) Amount payable from the California Environmental License Plate Fund (Item 3930-001-0140).....	-465,000	
(6) Amount payable from the Federal Trust Fund (Item 3930-001-0890)....	-2,229,000	
Provisions:		
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.		
3930-001-0140—For support of Department of Pesticide Regulation, for payment to Item 3930-001-0106, payable from the California Environmental License Plate Fund.....		465,000
3930-001-0890—For support of Department of Pesticide Regulation, for payment to Item 3930-001-0106, payable from the Federal Trust Fund.....		2,229,000
3940-001-0001—For support of State Water Resources Control Board.....		38,044,000
Schedule:		
(1) 10-Water Quality.....	463,986,400	
(2) 20-Water Rights.....	11,213,600	
(3) 30.01-Administration.....	19,656,000	
(4) 30.02-Distributed Administration.....	-19,656,000	
(5) Reimbursements.....	-14,244,000	
(6) Amount payable from the Unified Program Account (Item 3940-001-0028).....	-601,000	
(7) Amount payable from the Waste Discharge Permit Fund (Item 3940-001-0193).....	-69,913,000	
(8) Amount payable from the Marine Invasive Species Control Fund (Item 3940-001-0212).....	-98,000	

(8.5) Amount payable from the Environmental Trust Fund (Item 3940-001-0225).....	-7,500,000
(9) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3940-001-0235).....	-2,391,000
(10) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 3940-001-0387).....	-6,015,000
(11) Amount payable from the State Revolving Fund Loan Subaccount (Item 3940-001-0417).....	-538,000
(12) Amount payable from the Water Recycling Subaccount (Item 3940-001-0419).....	-337,000
(13) Amount payable from the Drainage Management Subaccount (Item 3940-001-0422).....	-515,000
(14) Amount payable from the Seawater Intrusion Control Subaccount (Item 3940-001-0424).....	-97,000
(15) Amount payable from the Underground Storage Tank Tester Account (Item 3940-001-0436).....	-64,000
(16) Amount payable from the Underground Storage Tank Cleanup Fund (Item 3940-001-0439).....	-278,823,000
(17) Amount payable from the Surface Impoundment Assessment Account (Item 3940-001-0482).....	-212,000
(18) Amount payable from the 1984 State Clean Water Bond Fund (Item 3940-001-0740).....	-322,000
(19) Amount payable from the Federal Trust Fund (Item 3940-001-0890).....	-34,716,000
(20) Amount payable from the Water Rights Fund (Item 3940-001-3058).....	-6,929,000
(21) Amount payable from the Watershed Protection Subaccount (Item 3940-001-6013).....	-1,069,000
(22) Amount payable from the Santa Ana River Watershed Subaccount (Item 3940-001-6016).....	-1,062,000

(23)	Amount payable from the Lake Elsinore and San Jacinto Watershed Subaccount (Item 3940-001-6017).....	-47,000
(24)	Amount payable from the Nonpoint Source Pollution Control Subaccount (Item 3940-001-6019).....	-986,000
(25)	Amount payable from the State Revolving Fund Loan Subaccount (Item 3940-001-6020).....	-81,000
(26)	Amount payable from the Wastewater Construction Grant Subaccount (Item 3940-001-6021).....	-23,000
(27)	Amount payable from the Coastal Nonpoint Source Control Subaccount (Item 3940-001-6022).....	-815,000
(28)	Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3940-001-6031).....	-5,078,000
(29)	Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3940-001-6051).....	-4,073,000
(30)	Amount payable from the Petroleum Underground Storage Tank Financing Account (Item 3940-001-8026).....	-607,000

Provisions:

1. Notwithstanding any other provision of law, upon approval and order of the Director of Finance, the State Water Resources Control Board may borrow sufficient funds for cash purposes from special funds that otherwise provide support for the board. Any such loans are to be repaid with interest at the rate earned in the Pooled Money Investment Account.
2. No funds appropriated in this item or any other items appropriating funds to the State Water Resources Control Board can be used for new information technology modules related to the California Integrated Water Quality System (CIWQS) until the board's Agency Information Management Strategy is updated to reflect the board's current information technology strategy

Item	Amount
and submitted to the Joint Legislative Budget Committee no sooner than 30 days prior to any spending on information technology modules.	
3940-001-0028—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Unified Program Account.....	601,000
3940-001-0193—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Waste Discharge Permit Fund.....	69,913,000
3940-001-0212—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Marine Invasive Species Control Fund.....	98,000
3940-001-0225—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Environmental Protection Trust Fund.....	7,500,000
3940-001-0235—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund.....	2,391,000
3940-001-0387—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....	6,015,000
3940-001-0417—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the State Revolving Fund Loan Subaccount.....	538,000
3940-001-0419—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Water Recycling Subaccount.....	337,000
3940-001-0422—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Drainage Management Subaccount.....	515,000
3940-001-0424—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Seawater Intrusion Control Subaccount.....	97,000
3940-001-0436—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Underground Storage Tank Tester Account.....	64,000

3940-001-0439—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Underground Storage Tank Cleanup Fund.....	278,823,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
3940-001-0482—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Surface Impoundment Assessment Account Fund.....	212,000
3940-001-0740—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the 1984 State Clean Water Bond Fund.....	322,000
3940-001-0890—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Federal Trust Fund.....	34,716,000
3940-001-3058—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Water Rights Fund.....	6,929,000
3940-001-6013—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Watershed Protection Subaccount.....	1,069,000
3940-001-6016—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Santa Ana River Watershed Subaccount.....	1,062,000
3940-001-6017—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Lake Elsinore and San Jacinto Watershed Subaccount.....	47,000
3940-001-6019—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Nonpoint Source Pollution Control Subaccount.....	986,000
3940-001-6020—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the State Revolving Fund Loan Subaccount.....	81,000
3940-001-6021—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Wastewater Construction Grant Subaccount.....	23,000

Item	Amount
3940-001-6022—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Coastal Nonpoint Source Control Subaccount.....	815,000
3940-001-6031—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002....	5,078,000
3940-001-6051—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....	4,073,000
3940-001-8026—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Petroleum Underground Storage Tank Financing Account.....	607,000
3940-101-0001—For local assistance, State Water Resources Control Board.....	0
Schedule:	
(1) 10-Water Quality.....	247,455,000
(2) Amount payable from the Water Recycling Subaccount (Item 3940-101-0419).....	-1,036,000
(3) Amount payable from the 1986 Water Conservation and Water Quality Bond Fund (Item 3940-101-0744).....	-6,800,000
(3.5) Amount payable from the Watershed Protection Subaccount (Item 3900-101-6013).....	-1,572,000
(4) Amount payable from the Lake Elsinore and San Jacinto Watershed Subaccount (Item 3940-101-6017).....	-4,175,000
(4.5) Amount payable from the Nonpoint Source Pollution Control Subaccount (Item 3940-101-6019).....	-786,000
(5) Amount payable from the Waste Water Construction Grant Subaccount (Item 3940-101-6021).....	-867,000
(6) Amount payable from the Coastal Nonpoint Source Control Subaccount (Item 3940-101-6022).....	-2,422,000

(7) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3940-101-6031).....	-117,097,000
(8) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3940-101-6051).....	-101,200,000
(9) Amount payable from the Petroleum Underground Storage Tank Financing Account (Item 3940-101-8026).....	-11,500,000
3940-101-0419—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Water Recycling Subaccount, to be available for expenditure until June 30, 2010.....	1,036,000
3940-101-0744—For support of State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the 1986 Water Conservation and Water Quality Bond Fund, to be available for expenditure until June 30, 2010.....	6,800,000
3940-101-6013—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Watershed Protection Subaccount, to be available for expenditure until June 30, 2010.....	1,572,000
3940-101-6017—For support of State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Lake Elsinore and San Jacinto Watershed Subaccount, to be available for expenditure until June 30, 2010.....	4,175,000
3940-101-6019—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Nonpoint Source Pollution Control Subaccount, to be available for expenditure until June 30, 2010.....	786,000
3940-101-6021—For support of State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Wastewater Construction Grant Subaccount, to be available for expenditure until June 30, 2010.....	867,000

Item Amount

<p>3940-101-6022—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Coastal Nonpoint Source Control Subaccount to be available for expenditure until June 30, 2010.....</p> <p>3940-101-6031—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.....</p> <p>Provisions:</p> <p>1. Notwithstanding any other provision of law, the amount appropriated in this item shall be available for expenditure until June 30, 2010, and may be used to provide grants to local, state, federal, and private entities for projects.</p> <p>3940-101-6051—For support of State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006, to be available for expenditure until June 30, 2010.....</p> <p>3940-101-8026—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Petroleum Underground Storage Tank Financing Account.....</p> <p>3940-490—Reappropriation, State Water Resources Control Board. The balance of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2008:</p> <p>6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund</p> <p>(1) Paragraph (2) of subdivision (a) of Section 3 of Chapter 727 of the Statutes of 2002—Small Community Wastewater Program</p> <p>(2) Paragraph (3) of subdivision (a) of Section 3 of Chapter 727 of the Statutes of 2002—Urban Storm Water Grant Program</p> <p>3960-001-0001—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0014.....</p> <p>Provisions:</p> <p>1. The Director of Toxic Substances Control may expend from this item: (a) \$11,452,000 for the following activities at the Stringfellow Federal</p>	<p>2,422,000</p> <p>117,097,000</p> <p>101,200,000</p> <p>11,500,000</p> <p>26,767,000</p>
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- Superfund site: (1) operation and maintenance of pretreatment plants to treat contaminated groundwater extracted from the site, (2) site maintenance and groundwater monitoring, and (3) implementation of work to stabilize the site, and (b) \$6,670,000 for the operation of the Illegal Drug Laboratory Removal Program.
2. Notwithstanding any other provision of law, the funds appropriated for removal and remedial action at the Stringfellow Federal Superfund site shall be available for encumbrance for three fiscal years subsequent to the fiscal year in which the funds are appropriated, and disbursements in liquidation of encumbrances shall be pursuant to Section 16304.1 of the Government Code.
 3. Of the amount appropriated in this item, \$750,000 shall be used for the purposes of emergency response activity pursuant to Section 25354 of the Health and Safety Code, in lieu of the appropriation made pursuant to that section.
 4. The amount appropriated in this item includes \$5,475,000 for emergency response activities at the BKK Landfill. This appropriation is subject to the condition that, to the extent that funds are expended for purposes for which any private or public entity is or may be held financially liable, the Department of Toxic Substances Control shall take all reasonable actions to recover the amount of that expenditure from one or more of those entities, and that the amounts so recovered be paid to the General Fund in reimbursement of the amount of that expenditure. Additionally, those recovered funds shall be spent before funds from the General Fund, consistent with the language in any settlement agreements between the department and the potentially responsible parties.
 5. As of June 30, 2008, or earlier, any unspent funds in Provision 4 shall revert to the General Fund if the Director of Toxic Substances Control and the Director of Finance agree that sufficient funds have been provided by the other potentially responsible parties.
 6. The Director of Toxic Substances Control shall send a letter notifying the chairpersons of the fiscal committees of each house of the Legisla-

ture that act on the department's budget and the Legislative Analyst's Office within 30 days of receiving any moneys from potentially responsible parties for the BKK Landfill.

3960-001-0014—For support of Department of Toxic Substances Control, payable from the Hazardous Waste Control Account..... 50,944,000

Schedule:

- (1) 12-Site Mitigation and Brownfields Reuse..... 89,109,750
- (2) 13-Hazardous Waste Management..... 65,685,750
- (3) 19.01-Administration..... 33,229,000
- (4) 19.02-Distributed Administration..... -33,229,000
- (5) 20-Science, Pollution Prevention and Technology..... 14,284,750
- (6) 21-State as Certified Unified Program..... 1,360,750
- (7) Reimbursements..... -12,203,000
- (8) Amount payable from General Fund (Item 3960-001-0001)..... -26,767,000
- (9) Amount payable from Unified Program Account (Item 3960-001-0028)..... -990,000
- (10) Amount payable from Illegal Drug Lab Cleanup Account (Item 3960-001-0065)..... -2,038,000
- (11) Amount payable from California Used Oil Recycling Fund (Item 3960-001-0100)..... -436,000
- (12) Amount payable from Toxic Substances Control Account (Item 3960-001-0557)..... -46,884,000
- (13) Amount payable from Federal Trust Fund (Item 3960-001-0890)..... -25,801,000
- (14) Amount payable from Environmental Quality Assessment Fund (Item 3960-001-3035)..... -556,000
- (15) Amount payable from Electronic Waste Recovery and Recycling Account (Item 3960-001-3065).... -2,551,000
- (16) Amount payable from State Certified Unified Program Agency Account (Item 3960-001-3084)..... -1,271,000

Provisions:

1. Notwithstanding any other provision of law, upon approval and order of the Director of Finance, the Department of Toxic Substances Control may borrow sufficient funds from special funds that otherwise provide support for the department for cashflow purposes. Any such loans are to be repaid with interest at the rate earned by the Pooled Money Investment Account.
2. Notwithstanding any other provision of law, upon request of the Director of the Department of Toxic Substances Control, and approval of the Department of Finance, the Controller shall increase the appropriation in this item in an amount necessary to pay the Board of Equalization any additional costs the board may incur to make refunds required by Chapter 737 of the Statutes of 1998, provided sufficient funds are available for such purposes and the board provides workload information that justifies the increase.

3960-001-0018—For support of Department of Toxic Substances Control, payable from the Site Remediation Account..... 8,765,000

Schedule:

- (1) 12-Site Mitigation and Brownfields
 Reuse..... 8,765,000

Provisions:

1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.
2. The Director of the Department of Toxic Substances Control shall report, in writing, not later than 180 days after the end of the fiscal year to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the legislative fiscal committees that act on the department's budget, the Chairperson of the Environmental Safety and Toxic Materials Committee of the Assembly, and the Chairperson of the Environmental Quality Committee of the Senate, actions taken under this provision.
3. Notwithstanding Section 1.80 of the Budget Act, this appropriation shall be available in accor-

dance with the provisions of Section 25330.2 of the Health and Safety Code.

3960-001-0028—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0014, payable from the Unified Program Account.... 990,000

3960-001-0065—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0014, payable from the Illegal Drug Lab Cleanup Account..... 2,038,000

3960-001-0100—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0014, payable from the California Used Oil Recycling Fund..... 436,000

3960-001-0456—For support of Department of Toxic Substances Control, payable from the Expedited Site Remediation Trust Fund..... 2,860,000

Schedule:

(1) 12-Site Mitigation and Brownfields Reuse..... 2,860,000

Provisions:

1. Notwithstanding any other provision of law, upon request of the Department of Toxic Substances Control, and approval by the Department of Finance, the Controller shall augment the appropriation in this item to pay costs associated with orphan shares at sites selected for the Expedited Site Remediation Pilot Program from any uncommitted funds in the Expedited Site Remediation Trust Fund.

2. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

3960-001-0557—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0014, payable from the Toxic Substances Control Account..... 46,784,000

Provisions:

1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

2. The amount appropriated in this item includes state oversight costs at military installations. The expenditure of these funds shall not relieve the federal government of the responsibility to pay for all state oversight costs. The Department of

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Toxic Substances Control shall take all steps necessary to recover these costs from the federal government, including, but not limited to, filing civil actions authorized by state and federal law.	
3960-001-0572—For support of Department of Toxic Substances Control, payable from the Stringfellow Insurance Proceeds Account.....	1,500,000
Schedule:	
(1) 12-Site Mitigation and Brownfields	
Reuse.....	1,500,000
3960-001-0890—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0014, payable from the Federal Trust Fund.....	25,801,000
Provisions:	
1. Upon receipt of the federal Revolving Fund Grant, the Department of Toxic Substances Control is authorized to make loans and grants as authorized under the federal regulations and in accordance with all applicable federal laws and guidelines.	
3960-001-3035—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0014, payable from the Environmental Quality Assessment Fund.....	556,000
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Director of Finance, the Department of Toxic Substances Control may borrow for cashflow purposes sufficient funds from special funds that otherwise provide support for the department. Any such loans are to be repaid with interest at the rate earned by the Pooled Money Investment Account.	
3960-001-3065—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0014, payable from the Electronic Waste Recovery and Recycling Account.....	2,551,000
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Director of Finance, the Department of Toxic Substances Control may borrow for cashflow purposes sufficient funds from special funds that otherwise provide support for the department. Any such loans are to be repaid with interest at the rate	

earned by the Pooled Money Investment Account.	
3960-001-3084—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0014, payable from the State Certified Unified Program Agency Account.....	1,271,000
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Director of Finance, the Department of Toxic Substances Control may borrow for cashflow purposes sufficient funds from special funds that otherwise provide support to the department. Any such loans are to be repaid with interest at the rate earned by the Pooled Money Investment Account.	
2. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
3960-011-0294—For transfer by the Controller from the subaccount for removal and remedial action in the Hazardous Substance Account to the Toxic Substances Control Account.....	(250,000)
Provisions:	
1. Notwithstanding any other provision of law, upon request of the Department of Toxic Substances Control, the Controller shall transfer those funds deposited in the subaccount for removal and remedial action in the Hazardous Substance Account to the Toxic Substances Control Account in an amount sufficient to fund the department's costs of providing oversight to sites with deposits in the subaccount for removal and remedial action. The amount of funds transferred for the oversight of a given site shall not exceed the amount deposited in the subaccount for removal and remedial action pursuant to the settlement for that specific site.	
3960-011-0458—For transfer by the Controller from the Site Operation and Maintenance Account, Hazardous Substances Account, to the Toxic Substances Control Account.....	(10,000)
Provisions:	
1. Notwithstanding any other provision of law, upon request of the Department of Toxic Substances Control, the Controller shall transfer	

funds from the Site Operation and Maintenance Account to the Toxic Substances Control Account in an amount sufficient to fund the department's costs of providing oversight for sites requiring long-term operation and maintenance. The amount of this transfer can be increased or decreased based on the department's actual costs. The amount of funds transferred for the oversight shall not exceed the amount deposited in the Site Operation and Maintenance Account.

3960-011-1003—For transfer by the Controller from the Cleanup Loans and Environmental Assistance to Neighborhoods Account to the Toxic Substances Control Account..... (424,000)

Provisions:

1. Notwithstanding any other provision of law, upon request of the Department of Toxic Substances Control, the Controller shall transfer up to \$424,000 to the Toxic Substances Control Account based on actual costs incurred by the department for its oversight of Cleanup Loans and Environmental Assistance to Neighborhoods loan projects, provided that sufficient funds are available for those purposes.

3960-012-0458—For transfer by the Controller from the Site Operation and Maintenance Account, Hazardous Substances Account, to the Hazardous Waste Control Account..... (10,000)

Provisions:

1. Notwithstanding any other provisions of law, upon request of the Department of Toxic Substances Control, the Controller shall transfer funds from the Site Operation and Maintenance Account to the Hazardous Waste Control Account in an amount sufficient to fund the department's costs of providing oversight for sites requiring long-term operation and maintenance. The amount of this transfer can be increased or decreased based on the department's actual costs. The amount of funds transferred for the oversight shall not exceed the amount deposited in the Site Operation and Maintenance Account.

3960-012-0557—For transfer by the Controller from the Toxic Substances Control Account to the Site Remediation Account..... (8,480,000)

3960-101-0890—For local assistance, Department of Toxic Substances Control, payable from the Federal Trust Fund.....	2,000,000
Schedule:	
(1) 12-Site Mitigation and Brownfields Reuse.....	2,000,000
Provisions:	
1. Upon receipt of the federal Revolving Fund Grant, the Department of Toxic Substances Control is authorized to make loans and grants as authorized under the federal regulations in accordance with all applicable federal laws and guidelines.	
3960-491—Reappropriation, Department of Toxic Substances Control. The amounts specified in the appropriations provided for in the following citations are reappropriated for the purposes, and subject to the limitations, unless otherwise specified, provided in those appropriations and shall be available for encumbrance or expenditure until June 30, 2008:	
0001—General Fund	
(1) \$900,000 from Item 3960-001-0001, Budget Acts of 1999 (Ch. 50, Stats. 1999) and 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3960-490, Budget Acts of 2001 (Ch. 106, Stats. 2001), 2003 (Ch. 157, Stats. 2003), and 2006 (Chs. 47 and 48, Stats. 2006).	
(2) \$2,000,000 from Item 3960-001-0001, Budget Act of 2002 (Ch. 379, Stats. 2002) and 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 3960-490, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) and 2006 (Chs. 47 and 48, Stats. 2006).	
(3) \$1,063,000 from Item 3960-301-0001, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as reappropriated by Item 3960-490, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).	
(1) 12.18.STF-Stringfellow Pretreatment Plant Site—Preliminary Plans	
3980-001-0001—For support of Office of Environmental Health Hazard Assessment.....	9,146,000
Schedule:	
(1) 10-Health Risk Assessment.....	17,744,000
(2) Reimbursements.....	-1,762,000
(3) Amount payable from the Unified Program Account (Item 3980-001-0028).....	-125,000

(4) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 3980-001-0044)....	-2,558,000	
(5) Amount payable from the California Used Oil Recycling Fund (Item 3980-001-0100).....	-569,000	
(6) Amount payable from the Department of Pesticide Regulation Fund (Item 3980-001-0106).....	-907,000	
(7) Amount payable from the California Environmental License Plate Fund (Item 3980-001-0140).....	-865,000	
(8) Amount payable from the Integrated Waste Management Account (Item 3980-001-0387).....	-351,000	
(9) Amount payable from the Federal Trust Fund (Item 3980-001-0890)....	-514,000	
(10) Amount payable from the Safe Drinking Water and Toxic Enforcement Fund (Item 3980-001-3056).....	-947,000	
3980-001-0028—For support of Office of Environmental Health Hazard Assessment, for payment to Item 3980-001-0001, payable from the Unified Program Account.....		125,000
Provisions:		
1. The Office of Environmental Health Hazard Assessment may assist the Office of Emergency Services by establishing or revising toxicological and health-based parameters for the California Accidental Release Prevention Program. The Office of Environmental Health Hazard Assessment shall not establish policies and procedures for the California Accidental Release Prevention Program.		
3980-001-0044—For support of Office of Environmental Health Hazard Assessment, for payment to Item 3980-001-0001, payable from the Motor Vehicle Account, State Transportation Fund.....		2,558,000
3980-001-0100—For support of Office of Environmental Health Hazard Assessment, for payment to Item 3980-001-0001, payable from the California Used Oil Recycling Fund.....		569,000
3980-001-0106—For support of Office of Environmental Health Hazard Assessment, for payment to Item 3980-001-0001, payable from the Department of Pesticide Regulation Fund.....		907,000

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3980-001-0140—For support of Office of Environmental Health Hazard Assessment, for payment to Item 3980-001-0001, payable from the California Environmental License Plate Fund.....	865,000
3980-001-0387—For support of Office of Environmental Health Hazard Assessment, for payment to Item 3980-001-0001, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....	351,000
3980-001-0890—For support of Office of Environmental Health Hazard Assessment, for payment to Item 3980-001-0001, payable from the Federal Trust Fund.....	514,000
3980-001-3056—For support of Office of Environmental Health Hazard Assessment, for payment to Item 3980-001-0001, payable from the Safe Drinking Water and Toxic Enforcement Fund.....	947,000

HEALTH AND HUMAN SERVICES

4100-001-0890—For support of the State Council on Developmental Disabilities, payable from the Federal Trust Fund.....	7,216,000
Schedule:	
(1) 10-State Council Planning and Administration.....	1,715,000
(2) 20-Community Program Development.....	1,987,000
(3) 40-Regional Offices and Local Area Boards.....	10,251,000
(4) Reimbursements.....	-6,737,000

4100-490—Reappropriation, State Council on Developmental Disabilities. The unencumbered balance of the appropriation provided in the following citation is reappropriated for the purposes specified in Provision 1 and shall be available for encumbrance or expenditure until June 30, 2008.

0890—Federal Trust Fund

(1) Item 4100-001-0890, Budget Act of 2006 (Ch. 47, Stats. 2006)

Provisions:

1. The funds reappropriated by this provision shall be available for transfer to and in augmentation of Item 4100-001-0890 of this Budget Act for the following purposes:

- (a) To augment the allocation to the Developmental Disabilities Program Development Fund.
- (b) To fund the cost of salary and benefit increases approved by the Legislature that exceed the Budget Act appropriation.
- (c) To fund implementation of any portion of the state plan as approved by the council.

4120-001-0001—For support of Emergency Medical Services Authority.....	2,743,000
Schedule:	
(1) 10-Emergency Medical Services Authority.....	11,344,000
(2) Reimbursements.....	-5,089,000
(3) Amount payable from the Emergency Medical Services Training Program Approval Fund (Item 4120-001-0194).....	-422,000
(4) Amount payable from the Emergency Medical Services Personnel Fund (Item 4120-001-0312).....	-1,352,000
(5) Amount payable from the Federal Trust Fund (Item 4120-001-0890)....	-1,738,000
4120-001-0194—For support of Emergency Medical Services Authority, for payment to Item 4120-001-0001, payable from the Emergency Medical Services Training Program Approval Fund.....	422,000
4120-001-0312—For support of Emergency Medical Services Authority, for payment to Item 4120-001-0001, payable from the Emergency Medical Services Personnel Fund.....	1,352,000
4120-001-0890—For support of Emergency Medical Services Authority, for payment to Item 4120-001-0001, payable from the Federal Trust Fund.....	1,738,000
4120-101-0001—For local assistance, Emergency Medical Services Authority, grants to local agencies.....	9,786,000
Schedule:	
(1) 10-Emergency Medical Services Authority.....	13,790,000
(2) Reimbursements.....	-3,300,000
(3) Amount payable from the Federal Trust Fund (Item 4120-101-0890)....	-704,000
Provisions:	
1. The General Fund support for poison control centers shall augment, but not replace, local expenditures for existing poison control center	

services. These funds shall be used primarily to increase services to underserved counties and populations and for poison prevention and information services. The Director of the Emergency Medical Services Authority may contract with eligible poison control centers for the distribution of these funds.

2. The Emergency Medical Services Authority shall use the following guidelines in administering state-funded grants to local agencies: (a) funding eligibility shall be limited to rural multicounty regions that demonstrate a heavy use of the emergency medical services system by nonresidents, (b) local agencies shall provide matching funds of at least \$1 for each dollar of state funds received, (c) state funding shall be used to provide only essential minimum services necessary to operate the system, as defined by the authority, (d) no region shall receive both federal and state funds in the same fiscal year for the same purpose, and (e) the Emergency Medical Services Authority shall monitor the use of the funds by recipients to ensure that these funds are used in an appropriate manner.
3. Each region shall be eligible to receive up to one-half of the total cost of a minimal system for that region, as defined by the Emergency Medical Services Authority. However, the authority may reallocate unclaimed funds among regions.
4. Notwithstanding Provision 2(b), each region with a population of 300,000 or less as of June 30, 2005, shall receive the full amount for which it is eligible if it provides a cash match of \$0.41 per capita or more. Failure to provide local cash contributions at the specified level shall result in a proportional reduction in state funding.

4120-101-0890—For local assistance, Emergency Medical Services Authority, for payment to Item 4120-101-0001, payable from the Federal Trust Fund.....	704,000
4140-001-0001—For support of Office of Statewide Health Planning and Development.....	430,000
Schedule:	
(1) 10-Health Care Quality and Analysis.....	6,258,000
(2) 30-Health Care Workforce.....	7,322,000

(3) 42-Facilities Development.....	40,347,000	
(4) 45-Cal-Mortgage Loan Insurance....	4,711,000	
(5) 60-Health Care Information.....	9,570,000	
(6) 80.01-Administration.....	12,114,000	
(7) 80.02-Distributed Administration.....	-11,549,000	
(8) Reimbursements.....	-1,138,000	
(9) Amount payable from the Hospital Building Fund (Item 4140-001-0121).....	-40,039,000	
(10) Amount payable from the California Health Data and Planning Fund (Item 4140-001-0143).....	-17,828,000	
(11) Amount payable from the Registered Nurse Education Fund (Item 4140-001-0181).....	-1,517,000	
(12) Amount payable from the Federal Trust Fund (Item 4140-001-0890).....	-235,000	
(13) Amount payable from the Mental Health Practitioner Education Fund (Item 4140-001-3064).....	-212,000	
(14) Amount payable from the Vocational Nurse Education Fund (Item 4140-001-3068).....	-136,000	
(15) Amount payable from the Medical-ly Underserved Account for Physicians, Health Professions Education Fund (Section 128555, Health and Safety Code).....	-1,029,000	
(16) Amount payable from the Health Facilities Construction Loan Insurance Fund (Section 129200, Health and Safety Code).....	-4,711,000	
(17) Amount payable from the Health Professions Education Fund (Section 128355, Health and Safety Code).....	-1,498,000	
4140-001-0121—For support of Office of Statewide Health Planning and Development, for payment to Item 4140-001-0001, payable from the Hospital Building Fund.....		40,039,000
Provisions:		
1. Notwithstanding any other provision of law, upon request by the Office of Statewide Health Planning and Development, the Department of Finance may augment the amount available for		

expenditure in this item to pay costs associated with the review of hospital building plans. The augmentation may be effected not sooner than 30 days after notification in writing of the necessity thereof to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may determine.

4140-001-0143—For support of Office of Statewide Health Planning and Development, for payment to Item 4140-001-0001, payable from the California Health Data and Planning Fund.....	17,828,000
4140-001-0181—For support of Office of Statewide Health Planning and Development, for payment to Item 4140-001-0001, payable from the Registered Nurse Education Fund.....	1,517,000
4140-001-0890—For support of Office of Statewide Health Planning and Development, for payment to Item 4140-001-0001, payable from the Federal Trust Fund.....	235,000
4140-001-3064—For support of Office of Statewide Health Planning and Development, for payment to Item 4140-001-0001, payable from the Mental Health Practitioner Education Fund.....	212,000
4140-001-3068—For support of Office of Statewide Health Planning and Development, for payment to Item 4140-001-0001, payable from the Vocational Nurse Education Fund.....	136,000
4140-001-8007—For support of Office of Statewide Health Planning and Development, payable from the Specialty Care Fund.....	0

Provisions:

1. Notwithstanding any other provision of law, upon request of the Office of Statewide Health Planning and Development, the Department of Finance may authorize expenditures of up to \$200,000 in excess of the amount appropriated in this item, if sufficient funds are available in the Specialty Care Fund, to pay costs associated with fundraising activities by a nonprofit organization as specified in Section 127630 of the Health and Safety Code, not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairperson of the

committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee. The funds appropriated by this provision shall be made available consistent with the amount approved by the Department of Finance based on its review of the proposed contractual agreement for the fundraising activities.

4140-017-0143—For support of Office of Statewide Health Planning and Development, payable from the California Health Data and Planning Fund..... 107,000
Schedule:

(1) 60-Health Care Information..... 107,000
Provisions:

1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

4140-101-0001—For local assistance, Office of Statewide Health Planning and Development..... 4,690,000
Schedule:

- (1) 30-Health Care Workforce..... 8,056,000
- (2) Reimbursements..... -400,000
- (3) Amount payable from California Health Data and Planning Fund (Item 4140-101-0143)..... -1,966,000
- (4) Amount payable from the Federal Trust Fund (Item 4140-101-0890).... -1,000,000

Provisions:

1. Of the amount appropriated in Schedule (1), \$2,725,000 is appropriated for nursing education pursuant to subdivision (c) of Section 128235 of the Health and Safety Code.
2. Notwithstanding any other provision of law, the funds appropriated in this item for contracts with accredited medical schools, or programs that train primary care physicians’ assistants, registered nurses, or primary care nurse practitioners, as well as contracts with hospitals or other health care delivery systems located in California, that meet the standards of the California Healthcare Workforce Policy Commission established pursuant to Article 1 (commencing with Section 128200) of Chapter 4 of Part 3 of Division 107 of the Health and Safety Code, shall continue to

be available for the 2008–09, 2009–10, and 2010–11 fiscal years.

4140-101-0143—For local assistance, Office of Statewide Health Planning and Development, for payment to Item 4140-101-0001, payable from the California Health Data and Planning Fund..... 1,966,000
Provisions:

1. Notwithstanding subdivision (a) of Section 1.80 or any other provision of law, the funds appropriated in this item for contracts with accredited medical schools, or programs that train primary care physicians’ assistants or primary care nurse practitioners, as well as contracts with hospitals or other health care delivery systems located in California, that meet the standards of the California Healthcare Workforce Policy Commission established pursuant to Article 1 (commencing with Section 128200) of Chapter 4 of Part 3 of Division 107 of the Health and Safety Code, shall continue to be available for the 2008–09, 2009–10, and 2010–11 fiscal years.

4140-101-0890—For local assistance, Office of Statewide Health Planning and Development, for payment to Item 4140-101-0001, payable from the Federal Trust Fund..... 1,000,000

4140-490—Reappropriation. Statewide Health Planning and Development. The balance of the appropriation in the following citation is reappropriated for the purpose provided for in that appropriation and shall be available for encumbrance or expenditure until June 30, 2008:

0121—Hospital Building Fund

- (1) Item 4140-001-0121, Budget Act of 2006 (Ch. 47, Stats. 2006)

4170-001-0001—For support of Department of Aging.... 4,430,000
Schedule:

- (1) 10-Nutrition..... 2,940,000
- (2) 20-Senior Community Employment Service..... 682,000
- (3) 30-Supportive Services and Centers..... 5,650,000
- (4) 40-Special Projects..... 7,859,000
- (5) 50.01-Administration..... 14,283,000
- (6) 50.02-Distributed Administration..... -14,283,000
- (7) Reimbursements..... -3,963,000

(8) Amount payable from the State HICAP Fund (Item 4170-001-0289).....	-210,000	
(9) Amount payable from the Federal Trust Fund (Item 4170-001-0890)....	-8,410,000	
(10) Amount payable from the Federal Citation Penalties Account, Special Deposit Fund (Item 4170-003-0942).....	-118,000	
4170-001-0289—For support of Department of Aging, for payment to Item 4170-001-0001, payable from the State HICAP Fund.....		210,000
4170-001-0890—For support of Department of Aging, for payment to Item 4170-001-0001, payable from the Federal Trust Fund.....		8,410,000
Provisions:		
1. The Department of Finance may authorize the transfer of funds between this item and Item 4170-101-0890 no sooner than 30 days after written notification to the chairpersons of the fiscal committees of each house and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee may determine. The notification shall include: (a) the amount of the proposed transfer; (b) an identification of the purposes for which the funds will be used; (c) documentation that the proposed activities must be carried out in the current year and that no other funds are available for their support; and (d) the impact of any transfer on the level of services.		
4170-001-3085—For support of Department of Aging, payable from the Mental Health Services Fund.....		93,000
4170-003-0942—For support of Department of Aging, for payment to Item 4170-001-0001, payable from the Federal Citation Penalties Account, Special Deposit Fund.....		118,000
4170-017-0001—For support of Department of Aging....		12,000
Schedule:		
(1) 40-Special Projects.....	24,000	
(2) Reimbursements.....	-12,000	
Provisions:		
1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance		

	Amount
Portability and Accountability Act (HIPAA) of 1996.	
4170-101-0001—For local assistance, Department of Aging.....	58,294,000
Schedule:	
(1) 10-Nutrition.....	73,373,000
(2) 20-Senior Community Employment Service.....	10,415,000
(3) 30-Supportive Services and Centers.....	72,066,000
(4) 40-Special Projects.....	49,524,000
(4.5) 97.20.004-Local Projects.....	250,000
(a) Legal Services of Northern California: Senior Legal Hotline	
(5) Reimbursements.....	-4,559,000
(6) Amount payable from the State HICAP Fund (Item 4170-101-0289).....	-2,246,000
(7) Amount payable from the Federal Trust Fund (Item 4170-101-0890).....	-139,087,000
(8) Amount payable from the Federal Citation Penalties Account, Special Deposit Fund (Item 4170-103-0942).....	-1,442,000
Provisions:	
1. Notwithstanding Section 26.00, the Department of Finance, upon notification by the California Department of Aging, may authorize transfers between Program 10-Nutrition and Program 30-Supportive Services and Centers in response to budget revisions submitted by the Area Agencies on Aging.	
2. To the extent the United States enacts a minimum wage equal to or greater than that of California, state funding provided in this item for the Senior Community Service Employment Program shall revert to the General Fund.	
3. Of the funds appropriated in this item, the Controller shall reimburse from Program 40-Special Projects, \$25,258,000 upon enactment of the Budget Act to the State Department of Health Care Services for support of the Multipurpose Senior Services Program.	
4170-101-0289—For local assistance, Department of Aging, for payment to Item 4170-101-0001, payable from the State HICAP Fund.....	2,246,000

4170-101-0890—For local assistance, Department of Aging, for payment to Item 4170-101-0001, payable from the Federal Trust Fund..... 139,087,000

Provisions:

1. Provision 1 of Item 4170-001-0890 is also applicable to this item.
2. Notwithstanding subdivision (d) of Section 28.00, the Department of Finance, upon notification by the California Department of Aging, may authorize augmentations in this item for budget revisions submitted by the Area Agencies on Aging for federal Title III and Title VII one-time-only allocations.
3. Notwithstanding Section 26.00, the Department of Finance, upon notification by the Department of Aging, may authorize transfers between Program 10-Nutrition and Program 30-Supportive Services and Centers in response to budget revisions submitted by the Area Agencies on Aging.
4. Of the funds appropriated in this item, up to \$320,000 may be expended for local assistance costs associated with the support of home and community-based services for persons afflicted with Alzheimer’s disease and their caregivers, upon approval by the Director of Finance. The Joint Legislative Budget Committee shall be notified within 10 days of approval to expend these funds.

4170-103-0942—For local assistance, Department of Aging, for payment to Item 4170-101-0001, payable from the Federal Citation Penalties Account, Special Deposit Fund..... 1,442,000

Provisions:

1. Notwithstanding any other provision of law, funds appropriated by this item shall be allocated by the Department of Aging to each local ombudsman program in accordance with a formula calculated on the number of beds in licensed skilled nursing home facilities in each program’s area of service in proportion to the total number of beds in licensed skilled nursing homes in the state.

4180-002-0886—For support of Commission on Aging, payable from the California Seniors Special Fund... 56,000

Provisions:

1. Pursuant to Section 18773 of the Revenue and Taxation Code, the balance of this item as well

as the balance of prior year appropriations from the California Seniors Special Fund may be carried over and expended in any following fiscal year.

2. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures from the California Seniors Special Fund for the Commission on Aging in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.

4180-002-0890—For support of Commission on Aging, payable from the Federal Trust Fund..... 370,000
Provisions:

1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures from the Federal Trust Fund for the Commission on Aging in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.

4185-001-0983—For support of California Senior Legislature, payable from the California Fund for Senior Citizens..... 276,000
Provisions:

1. Funds appropriated in this item from the California Fund for Senior Citizens shall be allocated by the California Senior Legislature for the purposes specified in Section 18723 of the Revenue and Taxation Code.
2. Pursuant to Section 18723 of the Revenue and Taxation Code, the balance of this item as well as the balance of prior year appropriations from the California Fund for Senior Citizens may be carried over and expended in any following fiscal year.
3. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures

from the California Fund for Senior Citizens for the California Senior Legislature in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee.

4200-001-0001—For support of Department of Alcohol and Drug Programs..... 16,890,000
Schedule:

- (1) 15-Alcohol and Other Drug Services Program..... 58,453,000
- (2) 30.01-Administration..... 11,729,000
- (3) 30.02-Distributed Administration..... -11,729,000
- (4) Reimbursements..... -5,016,000
- (5) Amount payable from the Driving-Under-the-Influence Program Licensing Trust Fund (Item 4200-001-0139)..... -1,498,000
- (6) Amount payable from the Narcotic Treatment Program Licensing Trust Fund (Item 4200-001-0243)..... -1,330,000
- (7) Amount payable from Indian Gaming Special Distribution Fund (Item 4200-001-0367)..... -3,259,000
- (8) Amount payable from the Audit Repayment Trust Fund (Item 4200-001-0816)..... -70,000
- (9) Amount payable from the Federal Trust Fund (Item 4200-001-0890)..... -24,798,000
- (10) Amount payable from the Substance Abuse Treatment Trust Fund (Item 4200-001-3019)..... -3,486,000
- (11) Amount payable from the Mental Health Services Fund (Item 4200-001-3085)..... -510,000
- (12) Amount payable from Residential and Outpatient Program Licensing Fund (Item 4200-001-3113)..... -1,596,000

Provisions:

- 1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Items 4200-101-0001, 4200-102-0001, 4200-103-0001, and 4200-104-0001. In determining which transfers

are necessary pursuant to this provision, the department shall assess those programs and operations that have the most critical need. In making the assessment, the department shall consider such factors as caseload requirements, availability of personnel to provide essential services, other funding sources, and relevant information provided by affected state agencies.

4200-001-0139—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Driving-Under-the-Influence Program Licensing Trust Fund..... 1,498,000
Provisions:

1. Notwithstanding any other provision of law, the Department of Finance may authorize expenditures for the Driving-Under-the-Influence Program Licensing Trust Fund in excess of the amount appropriated not sooner than 30 days after notification in writing is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

4200-001-0243—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Narcotic Treatment Program Licensing Trust Fund..... 1,330,000
Provisions:

1. Notwithstanding any other provision of law, the Department of Finance may augment this item in excess of the amount appropriated not sooner than 30 days after notification in writing is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

4200-001-0367—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Indian Gaming Special Distribution Fund..... 3,259,000

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4200-001-0816—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Audit Repayment Trust Fund.....		70,000
4200-001-0890—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Federal Trust Fund.....		24,798,000
Provisions:		
1. Upon order of the Department of Finance, the Controller shall transfer funds as necessary between this item and Item 4200-101-0890. In determining which transfers are necessary pursuant to this provision, the department shall assess those programs and operations that have the most critical need. In making this assessment, the department shall consider such factors as caseload requirements, availability of personnel to provide essential services, other funding sources, and relevant information provided by affected state agencies.		
4200-001-3019—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Substance Abuse Treatment Trust Fund.....		3,486,000
Provisions:		
1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to Section 11999.6 of the Health and Safety Code.		
4200-001-3085—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Mental Health Services Fund.....		510,000
Provisions:		
1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to subdivision (d) of Section 5892 of the Welfare and Institutions Code.		
4200-001-3113—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Residential and Outpatient Program Licensing Fund.....		1,596,000
4200-017-0001—For support of Department of Alcohol and Drug Programs, for implementation of the Health Insurance Portability and Accountability Act.....		856,000

Schedule:

- (1) 15-Alcohol and Other Drug Services Program..... 1,842,000
- (2) Reimbursements..... -986,000

Provisions:

- 1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

4200-101-0001—For local assistance, Department of Alcohol and Drug Programs..... 84,197,000

Schedule:

- (1) 15-Alcohol and Other Drug Services Program..... 455,039,000
- (2) Reimbursements..... -13,595,000
- (3) Amount payable from the Federal Trust Fund (Item 4200-101-0890)..... -240,589,000
- (4) Amount payable from the Resident-Run Housing Revolving Fund (Item 4200-101-0977)..... -144,000
- (5) Amount payable from the Substance Abuse Treatment Fund (Item 4200-101-3019)..... -116,514,000

Provisions:

- 1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Items 4200-001-0001, 4200-102-0001, 4200-103-0001, and 4200-104-0001. In determining which transfers are necessary pursuant to this provision, the department shall assess those programs and operations that have the most critical need. In making this assessment, the department shall consider such factors as caseload requirements, availability of personnel to provide essential services, other funding sources, and relevant information provided by affected state agencies.
- 2. Upon approval by the Department of Finance, one or more short-term loans not to exceed a cumulative total of \$59,745,000 may be made available from the General Fund when there is a delay in the allocation of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds to California. Each loan shall be

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repaid, with interest calculated pursuant to sub-division (a) of Section 16314 of the Government Code, upon receipt of the federal SAPT Block Grant.

4200-101-0890—For local assistance, Department of Alcohol and Drug Programs, for payment to Item 4200-101-0001, payable from the Federal Trust Fund..... 240,589,000

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer funds as necessary between this item and Item 4200-001-0890. In determining which transfers are necessary pursuant to this provision, the department shall assess those programs and operations that have the most critical need. In making this assessment, the department shall consider such factors as caseload requirements, availability of personnel to provide essential services, other funding sources, and relevant information provided by affected state agencies.

4200-101-0977—For local assistance, Department of Alcohol and Drug Programs, for payment to Item 4200-101-0001, payable from the Resident-Run Housing Revolving Fund..... 144,000

Provisions:

1. To the extent that moneys available in the Resident-Run Housing Revolving Fund are less than the amount appropriated by this item, this appropriation shall be limited to that lesser amount.
2. Notwithstanding any other provision of law, if revenues and loan repayments to the Resident-Run Housing Revolving Fund are sufficient to create additional allocation workload, the Department of Finance may augment this item in excess of the amount appropriated not sooner than 30 days after notification in writing is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.

4200-101-3019—For local assistance, Department of Alcohol and Drug Programs, for payment to Item 4200-101-0001, payable from the Substance Abuse Treatment Fund..... 116,514,000

Provisions:

1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for local assistance pursuant to Section 11999.6 of the Health and Safety Code.

4200-102-0001—For local assistance, Department of Alcohol and Drug Programs, for perinatal substance abuse treatment programs (Drug Medi-Cal)..... 5,058,000

Schedule:

- (1) 15-Alcohol and Other Drug Services Program..... 10,116,000
- (2) Reimbursements..... -5,058,000

Provisions:

1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Items 4200-001-0001, 4200-101-0001, 4200-103-0001, and 4200-104-0001. In determining which transfers are necessary pursuant to this provision, the department shall assess those programs and operations that have the most critical need. In making this assessment, the department shall consider such factors as caseload requirements, availability of personnel to provide essential services, other funding sources, and relevant information provided by affected state agencies.
2. The funds appropriated by this item are available to provide funding for the state's share of expenditures for perinatal substance abuse services provided to persons eligible for Medi-Cal.
3. Notwithstanding subdivision (a) of Section 1.80 and Section 26.00, the Department of Finance may authorize a transfer of expenditure authority between this item and Item 4200-103-0001, so that the funds appropriated in either item may be used to pay the state and federal share of prior fiscal years' allowable Medi-Cal costs that exceed the amount encumbered in prior fiscal years. The Department of Finance shall notify the Legislature within 10 days after authorizing a transfer pursuant to this provision unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.

4200-103-0001—For local assistance, Department of Alcohol and Drug Programs, Drug Medi-Cal Services..... 83,313,000

Schedule:

- (1) 15-Alcohol and Other Drug Services Program..... 156,092,000
- (2) Reimbursements..... -72,779,000

Provisions:

1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Items 4200-001-0001, 4200-101-0001, 4200-102-0001, and 4200-104-0001. In determining which transfers are necessary pursuant to this provision, the Department of Alcohol and Drug Programs shall assess those programs and operations that have the most critical need. In making this assessment, the department shall consider such factors as caseload requirements, availability of personnel to provide essential services, other funding sources, and relevant information provided by affected state agencies.
2. The funds appropriated in this item are available to provide funding for the state’s share of expenditures for substance abuse services provided to persons eligible for Medi-Cal.
3. Notwithstanding subdivision (a) of Section 1.80 and Section 26.00, the Department of Finance may authorize a transfer of expenditure authority between this item and Item 4200-102-0001 so that the funds appropriated in either item may be used to pay the state and federal share of prior fiscal years’ allowable Medi-Cal costs that exceed the amount encumbered in prior fiscal years. The Department of Finance shall notify the Legislature within 10 days after authorizing a transfer pursuant to this provision unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.
4. Notwithstanding any other provision of law, both the federal and nonfederal shares of any moneys recovered for previously paid Drug Medi-Cal program services provided pursuant to Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Insti-

tutions Code are hereby appropriated and shall be expended as soon as practicable for Drug Medi-Cal program services, as defined in the Welfare and Institutions Code.

4200-104-0001—For local assistance, Department of Alcohol and Drug Programs, for perinatal substance abuse treatment programs..... 23,457,000

Schedule:

- (1) 15-Alcohol and Other Drug Services Program..... 40,511,000
- (2) Amount payable from the Federal Trust Fund (Item 4200-104-0890)..... -17,054,000

Provisions:

1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Items 4200-001-0001, 4200-101-0001, 4200-102-0001, and 4200-103-0001. In determining which transfers are necessary pursuant to this provision, the department shall assess those programs and operations that have the most critical need. In making this assessment, the department shall consider such factors as caseload requirements, availability of personnel to provide essential services, other funding sources, and relevant information provided by affected state agencies.
2. Of the funds appropriated in this item, \$6,408,000 shall be used to fund existing residential perinatal treatment programs that were begun through federal Center for Substance Abuse Treatment grants, but whose grants have since expired and currently are constituted as Women and Children’s Residential Treatment Services. For counties in which there is such a provider, the Department of Alcohol and Drug Programs shall include language in those counties’ allocation letters that indicates the amount of the allocation designated for the provider during the fiscal year. Pursuant to Section 11840.1 of the Health and Safety Code, the treatment programs that were established through federal Center for Substance Abuse Treatment grants are not subject to the county 10-percent match. All of the funds allocated for programs shall be passed through those counties

directly to the designated nine residential treatment programs in each county, respectively.

4200-104-0890—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-104-0001, payable from the Federal Trust Fund.....	17,054,000
4200-105-0001—For transfer, as an expenditure, by the Controller to the Substance Abuse Treatment Trust Fund.....	120,000,000
4260-001-0001—For support of Department of Health Care Services.....	136,412,000

Schedule:

(1) 20-Health Care Services.....	385,348,000
(2) 30.01-Administration.....	25,679,000
(3) 30.02-Distributed Administration.....	-25,679,000
(4) Reimbursements.....	-20,906,000
(5) Amount payable from the Breast Cancer Control Account (Item 4260-001-0009).....	-86,000
(6) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4260-001-0080).....	-198,000
(7) Amount payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-001-0236).....	-1,003,000
(8) Amount payable from the Federal Trust Fund (Item 4260-001-0890).....	-224,133,000
(9) Amount payable from the Mental Health Services Fund (Item 4260-001-3085).....	-580,000
(10) Amount payable from the California Discount Prescription Drug Program Fund (Item 4260-001-8040).....	-2,030,000

Provisions:

1. The State Department of Health Care Services shall report annually in writing on the results of the additional positions established under the 2003 Medi-Cal Anti-Fraud Initiative to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee. The report shall include the results of the most recently completed error rate study and random claim sampling process, the number of positions filled

- by division, and, for each of the components of the initiative, the amount of savings and cost avoidance achieved and estimated, the number of providers sanctioned, and the number of claims and beneficiary records reviewed.
2. Of the funds appropriated for new information technology projects, no funds may be expended on a project prior to approval of a feasibility study report concerning that project by the Office of the Chief Information Officer. The State Department of Health Care Services shall notify the fiscal committees of both houses of the Legislature that a feasibility study report has been approved for a project within 30 days of the report's approval by the Office of the Chief Information Officer, and shall include with the notification a copy of the approved feasibility study report that reflects any changes.
 3. The Department of Health Care Services will provide the federal Planning Advance Planning Document (PAPD) for the California Medicaid Management Information System (CAMMIS) Replacement to the Office of the Chief Information Officer for review and approval no later than 60 days before its submission to the federal Centers for Medicare and Medicaid Services. Additionally, the department shall submit the CAMMIS Replacement Request for Proposal (RFP) to the Office of the Chief Information Officer for review and approval no later than 60 days before its release to the vendor community.
 4. No funds appropriated or scheduled in this item may be used to relocate the Fresno Medi-Cal Field Office to a location outside of the Fresno area or to close the office. The State Department of Health Care Services may temporarily relocate the field office within the Fresno area if it is necessary to accommodate the renovation of the Fresno facility.
 5. Of the amount appropriated in this item, and to the extent allowable under federal law, up to \$775,000 in reimbursements provided by the State Department of Public Health from Title V Maternal and Child Health funding may be used for purposes of establishing interagency agreements or contracts, or combinations of interagency agreements or contracts, and to fund 3.0 posi-

tions to proceed with implementation of the recommendations contained in the State Department of Health Care Services May 7, 2007, draft report regarding the performance and quality standards for the Medi-Cal program. It is the intent of the Legislature that recommendations regarding the crafting of a statewide education plan, improving the initial health assessment, and enhancing facility site review tools shall receive a priority focus. The State Department of Health Care Services may seek the assistance of foundations and other sources of funds to facilitate stakeholder involvement in these activities and other matters that pertain to the May 7, 2007, draft report.

- 6. The State Department of Health Care Services (DHCS) shall develop an action plan that specifies both short-term and longer-term goals for implementing performance and quality assurance measures within the Medi-Cal program using the department's May 2007 draft report, which responds to the California Healthcare Foundation's recommendations, as a guide. The DHCS shall consult with diverse constituency groups, as deemed appropriate, as well as with other state departments that provide services to individuals with special health care needs, in the development of this action plan. It is the intent of the Legislature for this action plan to be used as a tool to improve the Medi-Cal program and for it to be a working document that is updated and shared intermittently, at least semiannually, with interested parties as applicable.

4260-001-0009—For support of Department of Health Care Services, for payment to Item 4260-001-0001, payable from the Breast Cancer Control Account....	86,000
4260-001-0080—For support of Department of Health Care Services, for payment to Item 4260-001-0001, payable from the Childhood Lead Poisoning Prevention Fund.....	198,000
4260-001-0236—For support of Department of Health Care Services, for payment to Item 4260-001-0001, payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund.....	1,003,000
4260-001-0890—For support of Department of Health Care Services, for payment to Item 4260-001-0001, payable from the Federal Trust Fund.....	224,133,000

Provisions:

1. Of the funds appropriated in this item, \$1,069,000 shall be available for administration, research, and training projects. Notwithstanding Section 28.00, the State Department of Health Care Services shall report under that section any new project over \$200,000 or any increase in excess of \$400,000 for an identified project.

4260-001-3085—For support of Department of Health Care Services, for payment to Item 4260-001-0001, payable from the Mental Health Services Fund..... 580,000

Provisions:

1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to subdivision (d) of Section 5892 of the Welfare and Institutions Code.

4260-001-8040—For support of Department of Health Care Services, for payment to Item 4260-001-0001, payable from the California Discount Prescription Drug Program Fund..... 2,030,000

Provisions:

1. Funds appropriated in this item shall be available for support of the California Discount Prescription Drug Program.
2. The Department of Finance may augment this item not sooner than 30 days after notification in writing to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may determine.

4260-004-0942—For support of Department of Health Care Services, payable from the Special Deposit Fund, Local Education Agency Medi-Cal Recovery Account..... 1,633,000

4260-006-0001—For transfer by the Controller to the California Discount Prescription Drug Program Fund..... 6,330,000

Provisions:

1. The Department of Finance may increase the amount of the transfer authorized by this item not sooner than 30 days after notification in writing to the chairperson of the committee in each house of the Legislature that considers ap-

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ropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may determine.

4260-007-0890—For support of Department of Health Care Services, payable from the Federal Trust Fund..... 16,663,000

Provisions:

1. Notwithstanding Section 28.00, adjustments may be made to this item by the Department of Finance to align this appropriation with legislative actions and other technical adjustments affecting any recipient department's appropriation authority.

4260-017-0001—For support of Department of Health Care Services, for implementation of the Health Insurance Portability and Accountability Act..... 4,826,000

Schedule:

- (1) 20-Health Care Services..... 15,595,000
- (2) Reimbursements..... -327,000
- (3) Amount payable from Federal Trust Fund (Item 4260-017-0890)..... -10,442,000

Provisions:

1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

4260-017-0890—For support of Department of Health Care Services, for payment to Item 4260-017-0001, payable from the Federal Trust Fund, for implementation of the Health Insurance Portability and Accountability Act..... 10,442,000

Provisions:

1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

4260-101-0001—For local assistance, Department of Health Care Services, Medical Assistance Program, payable from the Health Care Deposit Fund (0912) after transfer from the General Fund..... 14,313,728,000

Schedule:

(1) 20.10.010-Eligibility (County Administration).....	2,660,676,000
(2) 20.10.020-Fiscal Intermediary Management.....	254,148,000
(3) 20.10.030-Benefits (Medical Care and Services).....	32,222,681,000
(4) Reimbursements.....	-190,857,000
(5) Amount payable from Childhood Lead Poisoning Prevention Fund (Item 4260-101-0080).....	-172,000
(6) Amount payable from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-101-0232).....	-18,000,000
(7) Amount payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-101-0236).....	-18,784,000
(8) Amount payable from the Federal Trust Fund (Item 4260-101-0890).....	-20,595,964,000

Provisions:

1. The aggregate principal amount of disproportionate share hospital general obligation debt that may be issued in the 2007–08 fiscal year pursuant to subparagraph (A) of paragraph (2) of subdivision (f) of Section 14085.5 of the Welfare and Institutions Code shall be \$0.
2. Notwithstanding any other provision of law, both the federal and nonfederal shares of any moneys recovered for previously paid health care services, provided pursuant to Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, are hereby appropriated and shall be expended as soon as practicable for medical care and services as defined in the Welfare and Institutions Code.
3. Notwithstanding any other provision of law, accounts receivable for recoveries as described in Provision 2 shall have no effect upon the positive balance of the General Fund or the Health Care Deposit Fund. Notwithstanding any other provision of law, moneys recovered as described in this item that are required to be transferred from the Health Care Deposit Fund

- to the General Fund shall be credited by the Controller to the General Fund without regard to the appropriation from which it was drawn.
4. Without regard to fiscal year, the General Fund shall make one or more loans available not to exceed a cumulative total of \$45,000,000 to be transferred as needed to the Health Care Deposit Fund to meet cash needs. The loans are subject to the repayment provisions of Section 16351 of the Government Code. Any additional loan requirement in excess of \$45,000,000 shall be processed in the manner prescribed by Section 16351 of the Government Code.
 5. Notwithstanding any other provision of law, the State Department of Health Care Services may give public notice relative to proposing or amending any rule or regulation that could result in increased costs in the Medi-Cal program only after approval by the Department of Finance. Additionally, any rule or regulation adopted by the State Department of Health Care Services and any communication that increases costs in the Medi-Cal program shall be effective only after the date upon which it is approved by the Department of Finance.
 6. Of the funds appropriated in this item, up to \$50,000 may be allocated for attorney's fees awarded pursuant to state or federal law without prior notification to the Legislature. Individual settlements authorized under this language shall not exceed \$5,000. The semiannual estimates of Medi-Cal expenditures due to the Legislature in January and May shall reflect attorney's fees paid 15 or more days prior to the transmittal of the estimate. The semiannual estimates of Medi-Cal expenditures provided to the Legislature in January and May may constitute the notification required by this provision.
 7. Change orders to the medical or the dental fiscal intermediary contract for amounts exceeding a total cost of \$250,000 shall be approved by the Department of Finance not sooner than 30 days after written notification of the change order is provided to the chairpersons of the fiscal and policy committees in each house of the Legislature and to the Chairperson of the Joint Legislative Budget Committee or not sooner than such

- lesser time as the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may designate. The semiannual estimates of Medi-Cal expenditures provided to the Legislature in January and May may constitute the notification required by this provision.
8. Recoveries of advances made to counties in prior years pursuant to Section 14153 of the Welfare and Institutions Code are reappropriated to the Health Care Deposit Fund for reimbursement of those counties where allowable costs exceeded the amounts advanced. Recoveries in excess of the amounts required to fully reimburse allowable costs shall be transferred to the General Fund. When a projected deficiency exists in the Medical Assistance Program, these funds, subject to notification to the Chairperson of the Joint Legislative Budget Committee, are appropriated and shall be expended as soon as practicable for the state's share of payments for medical care and services, county administration, and fiscal intermediary services.
 9. The Department of Finance may transfer funds representing all or any portion of any estimated savings that are a result of improvements in the Medi-Cal claims processing procedures from the Medi-Cal services budget or the support budget of the State Department of Health Care Services (Item 4260-001-0001) to the fiscal intermediary budget item for purposes of making improvements to the Medi-Cal claims system.
 10. Notwithstanding any other provision of law, the Department of Finance may authorize the transfer of expenditure authority between Schedules (1), (2), (3), and (4) of this item and between this item and Items 4260-102-0001, 4260-111-0001, and 4260-113-0001 in order to effectively administer the programs funded in these items. The Department of Finance shall notify the Legislature within 10 days of authorizing such a transfer unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.
 11. Notwithstanding any other provision of law and Section 26.00, the Department of Finance may authorize the transfer of expenditure authority

from Schedule (3) to Schedule (1) for the purposes of implementing changes required by the federal Deficit Reduction Act of 2005, which shall include, but not be limited to, providing assistance to individuals in meeting these verification rules and for county eligibility activities. It is the intent of the Legislature that these transfers be provided on a timely basis in order to ensure the health and safety of Californians. The Department of Finance shall notify the Legislature within 15 days of authorizing that transfer unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.

- 12. If a federal grant that provides 75 percent federal financial participation to allow individuals in nursing homes to voluntarily move into a community setting and still receive the same amount of funding for services is awarded to the State Department of Health Care Services during the 2007–08 fiscal year, then, notwithstanding any other provision of law, the department may count expenditures from the appropriation made to this item as state matching funds for that grant.

4260-101-0080—For local assistance, Department of Health Care Services, for payment to Item 4260-101-0001, payable from the Childhood Lead Poisoning Prevention Fund..... 172,000

4260-101-0232—For local assistance, Department of Health Care Services, for payment to Item 4260-101-0001, payable from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund..... 18,000,000

4260-101-0236—For local assistance, Department of Health Care Services, for payment to Item 4260-101-0001, payable from the Unallocated Services Account, Cigarette and Tobacco Products Surtax Fund..... 18,784,000

4260-101-0890—For local assistance, Department of Health Care Services, for payment to Item 4260-101-0001, payable from the Federal Trust Fund.... 20,595,964,000
Provisions:

- 1. Any of the provisions in Item 4260-101-0001 that are relevant to this item also apply to this item.

4260-102-0001—For local assistance, Department of Health Care Services, Program 20.10.030-Benefits (Medical Care and Services), for supplemental reimbursement for debt service pursuant to Section 14085.5 of the Welfare and Institutions Code.....	52,078,000
Provisions:	
1. Notwithstanding any other provision of law, the Department of Finance may authorize transfer of expenditure authority between this item and Items 4260-101-0001, 4260-111-0001, and 4260-113-0001 in order to effectively administer the programs funded in these items. The Department of Finance shall notify the Legislature within 10 days of authorizing such a transfer unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.	
4260-102-0890—For local assistance, Department of Health Care Services, Program 20.10.030-Benefits (Medical Care and Services), payable from the Federal Trust Fund, for supplemental reimbursement for debt service pursuant to Section 14085.5 of the Welfare and Institutions Code.....	52,078,000
Provisions:	
1. Any of the provisions in Item 4260-102-0001 that are relevant to this item also apply to this item.	
4260-104-0001—For transfer to the Nondesignated Public Hospital Supplemental Fund.....	1,900,000
4260-105-0001—For transfer to the Private Hospital Supplemental Fund.....	118,400,000
4260-111-0001—For local assistance, Department of Health Care Services.....	172,616,000
Schedule:	
(1) 20.10-Medical Care Services.....	5,119,000
(2) 20.25-Children’s Medical Services.....	266,860,000
(3) 20.35-Primary and Rural Health....	53,289,000
(4) Reimbursements.....	-14,825,000
(5) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4260-111-0080).....	-24,000
(6) Amount payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-111-0236).....	-17,148,000

(7) Amount payable from the Federal Trust Fund (Item 4260-111-0890)..... -120,655,000

Provisions:

1. Program 20.25-Children’s Medical Services: Counties may retain 50 percent of total enrollment and assessment fees that are collected by the counties for the California Children’s Services Program. Fifty percent of the enrollment and assessment fee for each county shall be offset from the state’s match for that county.
2. Notwithstanding any other provision of law, the Department of Finance may authorize transfer of expenditure authority between this item and Items 4260-101-0001, 4260-102-0001, and 4260-113-0001 in order to effectively administer the programs funded in these items. The Department of Finance shall notify the Legislature within 10 days of authorizing such transfer unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.
3. The State Department of Health Care Services (SDHCS) shall work with various constituency groups as appropriate to resolve issues with the timely discharge of patients enrolled in the California Children’s Services (CCS) Program due to the lack of access to home care providers of durable medical equipment, medical supplies, and home health services. The SDHCS shall give consideration to utilizing the individual patient discharge plan initiated by a CCS paneled physician as an authorization for services for up to 90 days and to the timely approval for authorization of services to permit discharge of the CCS patient from the hospital setting within 48 hours.

4260-111-0080—For local assistance, Department of Health Care Services, for payment to Item 4260-111-0001, payable from the Childhood Lead Poisoning Prevention Fund.....	24,000
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4260-111-0236—For local assistance, Department of Health Care Services, for payment to Item 4260-111-0001, payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund.....	17,148,000
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4260-111-0890—For local assistance, Department of Health Care Services, for payment to Item 4260-111-0001, payable from the Federal Trust Fund..... 120,655,000
Provisions:

1. Of the funds appropriated in this item, \$408,000 shall be available for administration, research, and training projects. Notwithstanding Section 28.00, the State Department of Health Care Services shall report under that section any new project over \$200,000 or any increase in excess of \$400,000 for an identified project.

4260-113-0001—For local assistance, Department of Health Care Services, for the Healthy Families Program (Medi-Cal)..... 190,394,000
Schedule:

- (1) 20.10.010-Eligibility (County Administration)..... 20,783,000
- (2) 20.10.020-Fiscal Intermediary Management..... 393,000
- (3) 20.10.030-Benefits (Medical Care and Services)..... 499,402,000
- (4) Amount payable from the Federal Trust Fund (Item 4260-113-0890)..... -330,184,000

Provisions:

1. Notwithstanding any other provision of law, the Department of Finance may authorize transfer of expenditure authority between Schedules (1), (2), and (3) of this item and between this item and Items 4260-101-0001, 4260-102-0001, and 4260-111-0001 in order to effectively administer the programs funded in these items. The Department of Finance shall notify the Legislature within 10 days of authorizing such a transfer unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.

4260-113-0890—For local assistance, Department of Health Care Services, for payment to Item 4260-113-0001, payable from the Federal Trust Fund..... 330,184,000
Provisions:

1. Any of the provisions in Item 4260-113-0001 that are relevant to this item also apply to this item.

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Item

STATUTES OF 2007

[Ch. 171]
Amount

4260-117-0001—For local assistance, Department of Health Care Services, for implementation of the Health Insurance Portability and Accountability Act..... 9,551,000

Schedule:

- (1) 20.10.010-Eligibility (County Administration)..... 5,600,000
- (2) 20.10.020-Fiscal Intermediary Management..... 48,408,000
- (4) Amount payable from the Federal Trust Fund (Item 4260-117-0890)..... -44,457,000

Provisions:

- 1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.
- 2. Notwithstanding subdivision (a) of Section 1.80 and Section 26.00, the Department of Finance may authorize transfer of expenditure authority between Schedules (1) and (2). The Department of Finance shall notify the Legislature within 10 days of authorizing such a transfer unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.

4260-117-0890—For local assistance, Department of Health Care Services, for payment to Item 4260-117-0001, payable from the Federal Trust Fund, for implementation of the Health Insurance Portability and Accountability Act..... 44,457,000

Provisions:

- 1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.
- 2. Any of the provisions in Item 4260-117-0001 that are relevant to this item also apply to this item.

4260-119-8040—For local assistance, Department of Health Care services, payment from the California Discount Prescription Drug Program Fund..... 4,300,000
Provisions:

1. Funds appropriated in this item shall be available for the California Discount Prescription Drug Program.
2. The Department of Finance may augment this item not sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may determine.

4260-492—Reappropriation, Department of Health Care Services. Notwithstanding any other provision of law, the balances of the appropriations specified in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in those appropriations, and shall be available for encumbrance or expenditure until June 30, 2008, as specified.

0001—General Fund

- (1) Items 4260-001-0001 Budget Act of 2006 (Ch. 47/48, Stats. 2006). Funds appropriated in this item for the National Cooperative Bank Development Corporation Contract within the Assisted Living Waiver Pilot Project are available for expenditure during the 2007–08 fiscal year.

0890—Federal Fund

- (1) Items 4260-001-0890 Budget Act of 2006 (Ch. 47/48, Stats. 2006). Funds appropriated in this item for the National Cooperative Bank Development Corporation Contract within the Assisted Living Waiver Pilot Project are available for expenditure during the 2007–08 fiscal year.

4260-495—Reversion, Department of Health Care Services. As of June 30, 2007, the unencumbered balance of the appropriation provided in the following citation shall revert to the balance of the fund from which the appropriation was made:

0001—General Fund

- (1) Section 2 of Chapter 560, Statutes of 2005.

4260-496—Reversion, Department of Health Care Services. As of June 30, 2007, the unencumbered bal-

ance of the appropriation provided in the following citation shall revert to the balance of the fund from which the appropriation was made:

0942—Nine West Settlement Account, Special Deposit Fund

(1) Item 4260-111-0942, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

4265-001-0001—For support of Department of Public Health..... 96,897,000

Schedule:

(1) 10-Public Health Emergency Preparedness..... 32,027,000

(2) 20-Public and Environmental Health..... 504,804,000

(3) 30-Licensing and Certification.... 151,366,000

(4) 40.01-Administration..... 22,208,000

(5) 40.02-Distributed Administration..... -22,208,000

(6) Reimbursements..... -36,726,000

(7) Amount payable from the Breast Cancer Research Account (Item 4265-001-0007)..... -1,532,000

(8) Amount payable from the Breast Cancer Control Account (Item 4265-001-0009)..... -8,425,000

(9) Amount payable from the Nuclear Planning Assessment Special Account (Item 4265-001-0029)..... -904,000

(10) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 4265-001-0044).... -1,343,000

(11) Amount payable from the Sale of Tobacco to Minors Control Account (Item 4265-001-0066)..... -2,445,000

(12) Amount payable from the Occupational Lead Poisoning Prevention Account (Item 4265-001-0070).... -2,946,000

(13) Amount payable from the Medical Waste Management Fund (Item 4265-001-0074)..... -2,051,000

(14) Amount payable from the Radiation Control Fund (Item 4265-001-0075)..... -22,620,000

(15) Amount payable from the Tissue Bank License Fund (Item 4265-001-0076)..... -311,000

(16) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4265-001-0080).....	-9,471,000
(17) Amount payable from the Export Document Program Fund (Item 4265-001-0082).....	-410,000
(18) Amount payable from the Clinical Laboratory Improvement Fund (Item 4265-001-0098).....	-5,571,000
(19) Amount payable from the Health Statistics Special Fund (Item 4265-001-0099).....	-24,841,000
(20) Amount payable from the Wine Safety Fund (Item 4265-001-0116).....	-59,000
(21) Amount payable from the Water Device Certification Special Account (Item 4265-001-0129).....	-231,000
(22) Amount payable from the Food Safety Fund (Item 4265-001-0177).....	-6,358,000
(23) Amount payable from the Environmental Laboratory Improvement Fund (Item 4265-001-0179).....	-3,231,000
(24) Amount payable from the Genetic Disease Testing Fund (Item 4265-001-0203).....	-113,633,000
(25) Amount payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund (Item 4265-001-0231).....	-7,007,000
(26) Amount payable from the Research Account, Cigarette and Tobacco Products Surtax Fund (Item 4265-001-0234).....	-5,694,000
(27) Amount payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4265-001-0236).....	-3,942,000
(28) Amount payable from the Drinking Water Operator Certification Special Account (Item 4265-001-0247).....	-1,538,000
(29) Amount payable from the Nursing Home Administrator's State License Examining Fund (Item 4265-001-0260).....	-588,000

- (30) Amount payable from the Infant Botulism Treatment and Prevention Fund (Item 4265-001-0272)..... -2,085,000
- (31) Amount payable from the Safe Drinking Water Account (Item 4265-001-0306)..... -11,383,000
- (32) Amount payable from the Registered Environmental Health Specialist Fund (Item 4265-001-0335)..... -388,000
- (33) Amount payable from the Vectorborne Disease Account (Item 4265-001-0478)..... -28,000
- (34) Amount payable from the Drinking Water Treatment and Research Fund (Item 4265-001-0622)..... -681,000
- (35) Amount payable from the Domestic Violence Training and Education Fund (Item 4265-001-0642)..... -914,000
- (36) Amount payable from the California Alzheimer’s Disease and Related Disorders Research Fund (Item 4265-001-0823)..... -946,000
- (37) Amount payable from the Federal Trust Fund (Item 4265-001-0890)..... -212,090,000
- (38) Amount payable from the Drug and Device Safety Fund (Item 4265-001-3018)..... -4,363,000
- (39) Amount payable from the Medical Marijuana Program Fund (Item 4265-001-3074)..... -835,000
- (40) Amount payable from the Cannery Inspection Fund (Item 4265-001-3081)..... -2,125,000
- (41) Amount payable from the Licensing and Certification Fund (Item 4265-001-3098)..... -84,033,000
- (42) Amount payable from the Retail Food Safety and Defense Account (Item 4265-001-3111)..... -20,000
- (43) Amount payable from the Birth Defects Monitoring Fund (Item 4265-001-3114)..... -4,174,000
- (44) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 4265-001-6031)..... -3,134,000

- (44.5) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 4265-001-6051)..... -2,042,000
- (45) Amount payable from California Prostate Cancer Research Fund (Item 4265-001-8025)..... -182,000

Provisions:

1. Except as otherwise prohibited by law, the State Department of Public Health shall promulgate emergency regulations to adjust the public health fees set by regulation to an amount such that, if the new fees were effective throughout the 2007–08 fiscal year, the estimated revenues would be sufficient to offset at least 95 percent of the approved program level intended to be supported by those fees. The General Fund fees of the State Department of Public Health (DPH) that are subject to the annual fee adjustment pursuant to subdivision (a) of Section 100425 of the Health and Safety Code shall be increased by 9.58 percent. The special fund fees of DPH that are subject to the annual fee adjustment pursuant to subdivision (a) of Section 100425 of the Health and Safety Code may be increased by 9.58 percent only if the fund condition statement for a fund projects a reserve less than 10 percent of estimated expenditures and the revenues projected for the 2007–08 fiscal year are less than the appropriation contained in this act.
2. Notwithstanding subdivision (b) of Section 100450 of the Health and Safety Code, departmental fees that are subject to the annual fee adjustment pursuant to subdivision (a) of Section 100450 of the Health and Safety Code shall be increased by 7.61 percent, effective July 1, 2007.
3. The State Department of Public Health shall limit expenditures in this item to implement the Uniform Anatomical Gift Act (Chapter 829 of the Statutes of 2000) to the amount of actual fees collected from tissue banks.
4. Of the funds appropriated for new information technology projects, no funds may be expended on a project prior to approval of a feasibility study report concerning that project by the state’s Chief Information Officer. The State

Department of Public Health shall notify the fiscal committees of both houses of the Legislature that a feasibility study report has been approved for a project within 30 days of the report's approval by the Chief Information Officer, and shall include with the notification a copy of the approved feasibility study report that reflects the Chief Information Officer's changes.

- 5. The State Department of Public Health shall provide the fiscal and policy committees of each house of the Legislature by no later than January 15, 2008, a copy of the annual work plan for accomplishing the mandates set forth in the Nursing Home Administrator's Act. This work plan will identify goals and objectives, required activities, resources needed, timeframes, and expected outcomes that will result in the accomplishment of the defined mandates.
- 6. By no later than November 1, 2007, the State Department of Public Health shall provide the fiscal and policy committees of each house of the Legislature with an action plan to address issues related to fiscal accountability and the selection process for temporary management appointments as identified in the Bureau of State Audits Report (2006-106).

4265-001-0007—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Breast Cancer Research Account.....	1,532,000
4265-001-0009—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Breast Cancer Control Account.....	8,425,000
4265-001-0029—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Nuclear Planning Assessment Special Account.....	904,000
4265-001-0044—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Motor Vehicle Account, State Transportation Fund.....	1,343,000
4265-001-0066—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Sale of Tobacco to Minors Control Account.....	2,445,000

- Provisions:
- 1. The amount appropriated in this item includes revenues derived from the assessment of fines

and penalties imposed as specified in Section 13332.18 of the Government Code.	
4265-001-0070—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Occupational Lead Poisoning Prevention Account.....	2,946,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
4265-001-0074—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Medical Waste Management Fund.....	2,051,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
4265-001-0075—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Radiation Control Fund.....	22,620,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
4265-001-0076—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Tissue Bank License Fund.....	311,000
4265-001-0080—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Childhood Lead Poisoning Prevention Fund.....	9,471,000
4265-001-0082—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Export Document Program Fund.....	410,000
4265-001-0098—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Clinical Laboratory Improvement Fund....	5,571,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

Item	Amount
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4265-001-0099—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Health Statistics Special Fund.....	24,841,000
4265-001-0116—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Wine Safety Fund.....	59,000
4265-001-0129—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Water Device Certification Special Account.....	231,000
4265-001-0177—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Food Safety Fund.....	6,358,000
4265-001-0179—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Environmental Laboratory Improvement Fund.....	3,231,000
4265-001-0203—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Genetic Disease Testing Fund.....	113,633,000
Provisions:	
1. All moneys deposited in the Genetic Disease Testing Fund pursuant to paragraph (5) of subdivision (b) of Section 124977 of the Health and Safety Code for prenatal screening to support the pregnancy blood sample storage, testing, and research activities of the Birth Defects Monitoring Program shall be transferred to the Birth Defects Monitoring Fund effective July 1, 2007, or upon creation of the Birth Defects Monitoring Fund, whichever date is later.	
4265-001-0231—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund.....	7,007,000
4265-001-0234—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Research Account, Cigarette and Tobacco Products Surtax Fund.....	5,694,000
4265-001-0236—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund.....	3,942,000
4265-001-0247—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Drinking Water Operator Certification Special Account.....	1,538,000

Item Amount

4265-001-0260—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Nursing Home Administrator’s State License Examining Fund..... 588,000

4265-001-0272—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Infant Botulism Treatment and Prevention Fund..... 2,085,000

4265-001-0306—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Safe Drinking Water Account..... 11,383,000

- Provisions:
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

4265-001-0335—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Registered Environmental Health Specialist Fund..... 388,000

4265-001-0478—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Vectorborne Disease Account..... 28,000

4265-001-0622—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Drinking Water Treatment and Research Fund..... 681,000

4265-001-0642—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Domestic Violence Training and Education Fund..... 914,000

4265-001-0823—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the California Alzheimer’s Disease and Related Disorders Research Fund..... 946,000

4265-001-0890—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Federal Trust Fund..... 212,090,000

- Provisions:
1. Of the funds appropriated in this item, \$52,424,000 shall be available for administration, research, and training projects. Notwithstanding Section 28.00, the State Department of Public Health shall report under that section any new project over \$200,000 or any increase in excess of \$400,000 for an identified project.

2. The Department of Finance may authorize the transfer of expenditure authority from this item to Item 4265-111-0890 in order to reflect modifications in the use of federal bioterrorism grants. Transfers pursuant to this provision may not be approved sooner than 30 days after notification in writing is provided to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or no sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.
3. Notwithstanding any other provision of law, federal moneys made available for bioterrorism preparedness pursuant to this act shall be available for expenditure or encumbrance until August 30, 2008.
4. The State Department of Public Health shall notify the fiscal and relevant policy committees of the Legislature in a timely manner regarding the federal government’s approval of the state’s application for cooperative agreement for funding from the federal Centers for Disease Control and Prevention’s Public Health Preparedness and Response to Bioterrorism Program. The notification shall include a summary of all policy and fiscal changes made by the federal government to the state’s application. If additional changes are made throughout the fiscal year, the department shall notify the fiscal and relevant policy committees of the Legislature in a similar manner.

4265-001-3018—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Drug and Device Safety Fund.....	4,363,000
4265-001-3074—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Medical Marijuana Program Fund.....	835,000
4265-001-3081—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Cannery Inspection Fund.....	2,125,000
4265-001-3098—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Licensing and Certification Program Fund.....	84,033,000

Provisions:

1. Of the funds appropriated in this item, \$812,000 is allocated for the development and implementation of an Internet Web site that will display the results of inspections and investigations, as well as the compliance history of the healthcare facilities, in accordance with Chapter 47 of the Statutes of 2006. These funds shall not be encumbered nor expended until a Feasibility Study Report for this project has been approved by the Office of the Chief Information Officer.
2. It is the intent of the Legislature that the Office of State Audits and Evaluations (OSAE) review, document, and, where appropriate, evaluate the various aspects of the methodologies used by the State Department of Public Health (SDPH) in the development and calculation of fees for the payment of services provided by the Licensing and Certification Division. The OSAE shall provide its analysis to the SDPH by February 1, 2008. This analysis will be available to the public within the standard OSAE release period. The SDPH shall reimburse the OSAE for its services in an amount not to exceed \$150,000 (Licensing and Certification Funds) and this funding shall be identified within the existing appropriation by the SDPH.

4265-001-3111—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Retail Food Safety and Defense Fund Account..... 20,000

4265-001-3114—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Birth Defects Monitoring Fund..... 4,174,000

Provisions:

1. All moneys deposited in the Genetic Disease Testing Fund pursuant to Health and Safety Code Section 124977(b)(5) for prenatal screening to support the pregnancy blood sample storage, testing, and research activities of the Birth Defects Monitoring Program shall be transferred to the Birth Defects Monitoring Fund effective July 1, 2007, or upon creation of the Birth Defects Monitoring Fund, whichever date is later.

1530
Item

STATUTES OF 2007

[Ch. 171]
Amount

4265-001-6031—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.....	3,134,000
Provisions:	
1. The funds available in this item are intended to provide support costs pursuant to the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50), associated with statewide water security improvements and the provision of safe drinking water grants and loans to local water agencies.	
4265-001-6051—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....	2,042,000
4265-001-8025—For support of Department of Public Health, for payment to Item 4265-001-0001, payable from the California Prostate Cancer Research Fund.....	182,000
4265-002-0942—For support of Department of Public Health, payable from the Special Deposit Fund, Health Facilities Citation Penalties Account.....	3,573,000
4265-003-0001—For support of Department of Public Health, for rental payments on lease-revenue bonds (Richmond Laboratory).....	12,140,000
Schedule:	
(1) Base Rental and Fees.....	12,110,000
(2) Insurance.....	35,000
(3) Reimbursements.....	-5,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
4265-003-0044—For support of Department of Public Health, for rental payments on lease-revenue bonds, payable from the Motor Vehicle Account, State Transportation Fund.....	566,000

Schedule:

- (1) Base Rental and Fees..... 564,000
- (2) Insurance..... 2,000

Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

4265-003-0080—For support of Department of Public Health, for rental payments on lease-revenue bonds, payable from the Childhood Lead Poisoning Prevention Fund..... 355,000

Schedule:

- (1) Base Rental and Fees..... 354,000
- (2) Insurance..... 1,000

Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

4265-003-0098—For support of Department of Public Health, for rental payments on lease-revenue bonds, payable from the Clinical Laboratory Improvement Fund..... 139,000

Schedule:

- (1) Base Rental and Fees..... 139,000

Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.

- 2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

4265-003-0179—For support of Department of Public Health, for rental payments on lease-revenue bonds, payable from the Environmental Laboratory Improvement Fund..... 7,000

Schedule:

(1) Base Rental and Fees..... 7,000

Provisions:

- 1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
- 2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

4265-003-0203—For support of Department of Public Health, for rental payments on lease-revenue bonds, payable from the Genetic Disease Testing Fund..... 4,269,000

Schedule:

(1) Base Rental and Fees..... 4,259,000
 (2) Insurance..... 12,000
 (3) Reimbursements..... -2,000

Provisions:

- 1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
- 2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

4265-003-0890—For support of Department of Public Health, for rental payments on lease-revenue bonds, payable from the Federal Trust Fund..... 86,000

Schedule:

(1) Base Rental and Fees..... 86,000

Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

4265-003-0942—For support of Department of Public Health, payable from the Special Deposit Fund, Federal Citation Penalties Account.....	1,439,000
4265-004-0001—For transfer to the Licensing and Certification Fund.....	9,110,000
4265-007-0890—For support of Department of Public Health, payable from the Federal Trust Fund.....	35,000

Provisions:

1. Notwithstanding Section 28.00, adjustments may be made to this item by the Department of Finance to align the federal funds for legislative actions and other technical adjustments affecting any recipient department’s appropriation authority.

4265-017-0203—For support of Department of Public Health, for implementation of the Health Insurance Portability and Accountability Act payable from the Genetic Disease Testing Fund.....	538,000
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Provisions:

1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

4265-111-0001—For local assistance, Department of Public Health.....	273,999,000
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Schedule:

- (1) 10.10-Emergency Preparedness.... 198,220,000
- (2) 20.10-Chronic Disease Prevention and Health Promotion..... 97,617,000
- (3) 20.20-Infectious Disease..... 369,710,000
- (4) 20.30-Family Health..... 1,295,273,000
- (5) 20.40-Health Information and Strategic Planning..... 1,351,000

(6)	20.50-County Health Services.....	66,214,000
(7)	20.60-Environmental Health.....	141,698,000
(8)	Reimbursements.....	-113,806,000
(9)	Amount payable from the Breast Cancer Control Account (Item 4265-111-0009).....	-8,736,000
(10)	Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4265-111-0080).....	-11,000,000
(11)	Amount payable from the Health Statistics Special Fund (Item 4265-111-0099).....	-510,000
(12)	Amount payable from the California Health Data and Planning Fund (Item 4265-111-0143).....	-200,000
(13)	Amount payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund (Item 4265-111-0231).....	-47,354,000
(14)	Amount payable from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund (Item 4265-111-0232).....	-44,377,000
(15)	Amount payable from the Physicians Services Account, Cigarette and Tobacco Products Surtax Fund (Item 4265-111-0233).....	-5,564,000
(16)	Amount payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4265-111-0236).....	-33,705,000
(17)	Amount payable from the Child Health and Safety Fund (Item 4265-111-0279).....	-1,384,000
(18)	Amount payable from the Drinking Water Treatment and Research Fund (Item 4265-111-0622).....	-4,374,000
(19)	Amount payable from the Domestic Violence Training and Education Fund (Item 4265-111-0642).....	-235,000
(20)	Amount payable from the Federal Trust Fund (Item 4265-111-0890).....	-1,191,045,000
(21)	Amount payable from the WIC Manufacturer Rebate Fund (Item 4265-111-3023).....	-297,401,000

- (22) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 4265-111-6031)..... -90,951,000
- (22.5) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 4265-111-6051)..... -45,250,000
- (23) Amount payable from the California Prostate Cancer Research Fund (Item 4265-111-8025)..... -18,000
- (24) Amount payable from the California Sexual Violence Victim Fund (Item 4265-111-8035)..... -174,000

Provisions:

1. The Office of AIDS in the State Department of Public Health, in allocating and processing contracts and grants, shall comply with the same requirements that are established for contracts and grants for other public health programs. Notwithstanding any other provision of law, the contracts or grants administered by the Office of AIDS shall be exempt from the Public Contract Code and shall be exempt from approval by the Department of General Services prior to their execution.
2. Of the funds appropriated in this item, the Office of AIDS shall redirect up to \$1,800,000 from the AIDS Drug Assistance Program to support the transition of HIV/AIDS care and treatment delivery systems in up to six federally designated Eligible Metropolitan Areas (EMAs) or Transitional Grant Areas (TGAs) if federal funding for an EMA or TGA declines. The funding made available through this redirection to any EMA or TGA shall not exceed that EMA's or TGA's funding shortfall relative to the total formula and supplemental funding award for the 2007 grant awards made under Part A of the Ryan White HIV/AIDS Treatment Modernization Act of 2006.

4265-111-0009—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Breast Cancer Control Account.... 8,736,000

Item	Amount
4265-111-0080—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Childhood Lead Poisoning Prevention Fund.....	11,000,000
4265-111-0099—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Health Statistics Special Fund.....	510,000
4265-111-0143—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the California Health Data and Planning Fund.....	200,000
4265-111-0231—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund.....	47,354,000
4265-111-0232—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund.....	44,377,000
4265-111-0233—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund.....	5,564,000
4265-111-0236—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund.....	33,705,000
4265-111-0279—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Child Health and Safety Fund.....	1,384,000
4265-111-0622—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Drinking Water Treatment and Research Fund.....	4,374,000
4265-111-0642—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Domestic Violence Training and Education Fund.....	235,000
4265-111-0890—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Federal Trust Fund.....	1,191,045,000

Provisions:

1. Of the funds appropriated in this item, \$60,608,000 shall be available for administration, research, and training projects. Notwithstanding the provisions of Section 28.00, the State Department of Public Health shall report

under that section any new project over \$200,000 or any increase in excess of \$400,000 for an identified project.

2. Notwithstanding any other provision of law, federal moneys made available for bioterrorism preparedness pursuant to this act shall be available for expenditure or encumbrance until August 30, 2008.
3. Any provisions in Item 4265-111-0001 that are relevant to this item shall apply to this item.
4. Of the amount appropriated in this item, and to the extent allowable under federal law, up to \$775,000 of Title V Maternal and Child Health funding may be provided to the State Department of Health Care Services for purposes of establishing interagency agreements or contracts, or combinations thereof, and to fund 3.0 positions, to proceed with implementation of the recommendations contained within the State Department of Health Care Services May 7, 2007, draft report regarding performance and quality standards for the Medi-Cal program. It is the intent of the Legislature for recommendations regarding the crafting of a statewide education plan, improving the initial health assessment and enhancing the facility site review tool to receive a priority focus. The State Department of Health Care Services may seek the assistance of foundations and other sources of funds to facilitate stakeholder involvement in these activities and other matters which pertain to the May 7, 2007, draft report.

4265-111-3023—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the WIC Manufacturer Rebate Fund.... 297,401,000
Provisions:

1. Notwithstanding any other provision of law, if revenues to the WIC Manufacturer Rebate Fund are received in excess of the amount appropriated in this item, the Department of Finance may augment this item in excess of the amount appropriated. Within 10 working days of such augmentation, the Department of Finance shall provide written notification of the augmentation to the chairpersons of the fiscal committees in each house and the Chairperson of the Joint Legislative Budget Committee.

Item

Amount

4265-111-6031—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002....	90,951,000
4265-111-6051—For local assistance, State Department of Public Health, for payment to Item 4265-111-0001, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....	45,250,000
Provisions:	
1. The amount appropriated in this item shall be available for expenditure until June 30, 2010.	
4265-111-8025—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Prostate Cancer Research Fund....	18,000
4265-111-8035—For local assistance, Department of Public Health, for payment to Item 4265-111-0001, payable from the Sexual Violence Victim Services Fund.....	174,000
4265-115-0890—For transfer by the Controller from the Federal Trust Fund to the Safe Drinking Water State Revolving Loan Fund.....	77,500,000
4265-115-6031—For transfer by the Controller from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 to the Safe Drinking Water State Revolving Loan Fund.....	17,000,000
4265-301-0001—For capital outlay, Department of Public Health.....	482,000
Schedule:	
(1) 94.65.010-Upgrade Viral and Rickettsial Disease Laboratory, Richmond—Preliminary plans and working drawings.....	482,000
4265-401—Notwithstanding Provision 2 of Item 4260-011-0099 of the Budget Act of 2004 (Ch. 208, Stats. 2004) and Provision 1 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), the \$1,500,000 loan authorized to the Medical Marijuana Program Fund shall be fully repaid to the Health Statistics Special Fund by June 30, 2009, with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the loan.	

4265-491—Reappropriation, Department of Public Health. The amount specified in the following citation is reappropriated to the Department of Public Health for the purposes of providing warehouse storage space and any related modifications to this space to ensure the safe and appropriate storage of emergency preparedness materials and products, including pharmaceutical and medical supplies. The amount specified shall be available for encumbrance or expenditure until June 30, 2011.

0001—General Fund

(1) \$8,476,000 in Item 4260-111-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

4265-492—Reappropriation, Department of Public Health. Notwithstanding any other provision of law, the balances of the appropriations specified in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in those appropriations:

0099—Health Statistics Special Fund

(1) Item 4260-001-0099, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). Funds appropriated in this item for the Vital Records Image Redaction and Statewide Access Project (VRIRSA) and the related computerization of vital records are available for encumbrance or expenditure until June 30, 2008.

(2) Item 4260-111-0099, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). Funds appropriated in this item for the Vital Records Image Redaction and Statewide Access Project (VRIRSA) and the related computerization of vital records are available for encumbrance or expenditure until June 30, 2008.

0272—Infant Botulism Treatment and Prevention Fund

(1) Item 4260-001-0272, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). Funds appropriated in this item for the Infant Botulism Treatment and Prevention program are available for encumbrance or expenditure until June 30, 2008.

6031—Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002

(1) Item 4260-111-6031, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005). Funds appropriated in this item for the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002

are available for encumbrance or expenditure until June 30, 2008.		
(2)	Item 4260-115-6031, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005). Funds appropriated in this item for the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 are available for encumbrance or expenditure until June 30, 2008.	
(3)	Item 4260-111-6031, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). Funds appropriated in this item for the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 are available for encumbrance or expenditure until June 30, 2009.	
(4)	Item 4260-115-6031, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). Funds appropriated in this item for the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 are available for encumbrance or expenditure until June 30, 2009.	
4270-001-0001	—For support of California Medical Assistance Commission.....	1,387,000
	Schedule:	
(1)	10-California Medical Assistance Commission.....	2,746,000
(2)	Reimbursements.....	-1,359,000
4280-001-0001	—For support of Managed Risk Medical Insurance Board.....	2,516,000
	Schedule:	
(1)	10-Major Risk Medical Insurance Program.....	1,207,000
(2)	20-Access for Infants and Mothers Program.....	963,000
(3)	40-Healthy Families Program.....	9,495,000
(4)	50- County Health Initiative Matching Fund Program.....	474,000
(5)	Reimbursements.....	-388,000
(6)	Amount payable from Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4280-001-0236).....	-36,000
(7)	Amount payable from Perinatal Insurance Fund (Item 4280-001-0309).....	-361,000
(8)	Amount payable from Major Risk Medical Insurance Fund (Item 4280-001-0313).....	-1,207,000

(9) Amount payable from Federal Trust Fund (Item 4280-001-0890).....	-7,000,000
(10) Amount payable from Mental Health Services Fund (Item 4280-001-3085).....	-156,000
(11) Amount payable from Federal Trust Fund (Item 4280-003-0890).....	-309,000
(12) Amount payable from County Health Initiative Matching Fund (Item 4280-003-3055).....	-166,000

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-103-0890 or 4280-103-3055 in order to effectively administer the County Health Initiative Matching Fund Program.
2. To provide for the effective use of federal State Children's Health Insurance Program funds in the County Health Initiative Matching Fund Program and notwithstanding Section 28.00, this item may be reduced or increased by the Department of Finance not sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairperson of the committee, or his or her designee, may in each instance determine. This provision shall not apply to any General Fund increases or reductions.
3. Augmentations to reimbursements in this item are exempt from Section 28.50. The Managed Risk Medical Insurance Board shall provide written notification within 30 days to the Joint Legislative Budget Committee describing the nature and planned expenditure of these augmentations when the amount received exceeds \$200,000. Federal funds may be increased to allow for the matching of the augmentations of reimbursements and the Department of Finance may authorize the establishment of positions if costs are fully offset by the augmentations to reimbursements.

1542	STATUTES OF 2007	[Ch. 171]
Item		Amount
4280-001-0236—For support of the Managed Risk Medical Insurance Board, for payment to Item 4280-001-0001, payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund.....		36,000
4280-001-0309—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-001-0001, payable from the Perinatal Insurance Fund....		361,000
Provisions:		
1. Provision 1 of Item 4280-001-0313 also applies to this item.		
4280-001-0313—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-001-0001, payable from the Major Risk Medical Insurance Fund.....		1,207,000
Provisions:		
1. Notwithstanding any other provision of law, the Department of Finance may augment this item in excess of the amount appropriated not sooner than 30 days after notification in writing is provided to the chairpersons of the fiscal committees in each house and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.		
4280-001-0890—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-001-0001, payable from the Federal Trust Fund, for Healthy Families Program.....		7,000,000
Provisions:		
1. Provision 3 of Item 4280-001-0001 also applies to this item.		
4280-001-3085—For support of the Managed Risk Medical Insurance Board, for payment to Item 4280-001-0001, payable from the Mental Health Services Fund.....		156,000
4280-003-0890—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-001-0001, payable from the Federal Trust Fund, for County Health Initiative Matching Fund Program....		309,000
Provisions:		
1. Provisions 1 and 2 of Item 4280-001-0001 also apply to this item.		

Item	Amount
4280-003-3055—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-001-0001, payable from the County Health Initiative Matching Fund, for the County Health Initiative Matching Fund Program.....	166,000
Provisions:	
1. Provisions 1 and 2 of Item 4280-001-0001 also apply to this item.	
4280-017-0001—For support of Managed Risk Medical Insurance Board, for implementation of the Health Insurance Portability and Accountability Act.....	26,000
Schedule:	
(1) 10-Major Risk Medical Insurance Program.....	16,000
(2) 20-Access for Infants and Mothers Program.....	15,000
(3) 40-Healthy Families Program.....	74,000
(4) Amount payable from the Perinatal Insurance Fund (Item 4280-017-0309).....	-5,000
(5) Amount payable from the Major Risk Medical Insurance Fund (Item 4280-017-0313).....	-16,000
(6) Amount payable from the Federal Trust Fund (Item 4280-017-0890)....	-58,000
4280-017-0309—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-017-0001, payable from the Perinatal Insurance Fund, for implementation of the Health Insurance Portability and Accountability Act.....	5,000
4280-017-0313—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-017-0001, payable from the Major Risk Medical Insurance Fund, for implementation of the Health Insurance Portability and Accountability Act.....	16,000
4280-017-0890—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-017-0001, payable from the Federal Trust Fund, for implementation of the Health Insurance Portability and Accountability Act.....	58,000
4280-101-0001—For local assistance, Managed Risk Medical Insurance Board, for the Healthy Families Program.....	382,146,000
Schedule:	
(1) 20-Access for Infants and Mothers Program.....	81,642,000
(2) 40-Healthy Families Program....	1,032,841,000

(3) Amount payable from the Federal Trust Fund (Item 4280-101-0890)..... -732,337,000

Provisions:

1. Upon order of the Department of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4280-102-0001 in order to effectively administer the Healthy Families Program.

4280-101-0236—For local assistance, Managed Risk Medical Insurance Board, payable from the unallocated account, Cigarette and Tobacco Products Sur- tax Fund..... 175,000

Schedule:

(1) 40-Healthy Families Program..... 175,000

4280-101-0890—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-101-0001, payable from the Federal Trust Fund, for the Healthy Families Program..... 732,337,000

Provisions:

1. Upon order of the Department of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4280-102-0890 in order to effectively administer the Healthy Families Program.

4280-102-0001—For local assistance, Managed Risk Medical Insurance Board, for the Healthy Families Program administrative contracts..... 26,520,000

Schedule:

(1) 40-Healthy Families Program..... 75,190,000

(2) Reimbursements..... -7,617,000

(3) Amount payable from the Federal Trust Fund (Item 4280-102-0890)..... -41,053,000

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-101-0001 in order to effectively administer the Healthy Families Program.

2. Of the funding appropriated in Item 4280-102-0001, \$210,000 is allocated for the purpose of information technology modifications to the Healthy Families Program to implement Chapter 328 of the Statutes of 2006 . These funds shall not be encumbered nor expended until the project approval requirements of the Office of the

Chief Information Officer are met. If the amount approved is less than the amount appropriated, the Managed Risk Medical Insurance Board shall only spend the amount approved, and any remaining funds shall be reverted at the end of the fiscal year.

4280-102-0890—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-102-0001, payable from the Federal Trust Fund, for Healthy Families Program administrative contracts.... 41,053,000

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-101-0890 in order to effectively administer the Healthy Families Program.

2. Of the funding appropriated in Item 4280-102-0890, \$390,000 is allocated for the purpose of information technology modifications to the Healthy Families Program to implement Chapter 328 of the Statutes of 2006. These funds shall not be encumbered nor expended until the project approval requirements of the Office of the Chief Information Officer are met. If the amount approved is less than the amount appropriated, the Managed Risk Medical Insurance Board shall only spend the amount approved, and any remaining funds shall be reverted at the end of the fiscal year.

4280-103-0890—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-103-3055, payable from the Federal Trust Fund, for the County Health Initiative Matching Fund Program..... 1,519,000

Provisions:

1. Provisions 1, 2, and 3 of Item 4280-103-3055 also apply to this item.

4280-103-3055—For local assistance, Managed Risk Medical Insurance Board, for the County Health Initiative Matching Fund Program..... 818,000

Schedule:

(1) 50-County Health Initiative Matching Fund Program..... 2,337,000

(2) Amount payable from the Federal Trust Fund (Item 4280-103-0890).... -1,519,000

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-003-0890 or Item 4280-003-3055 in order to effectively administer the County Health Initiative Matching Fund program. The Department of Finance may also authorize the establishment of positions in order to allow the Managed Risk Medical Insurance Board to effectively administer the County Health Initiative Matching Fund program.
2. Funds in this item are subject to the availability, as determined by the Department of Finance, of federal State Children’s Health Insurance Program funds not needed for state-funded health programs, including, but not limited to, the Healthy Families Program and, as funded by the federal State Children’s Health Insurance Program, the Access for Infants and Mothers Program, and the Medi-Cal program. To determine the availability of funds, all entities participating in the County Health Initiative Matching Fund program, as a condition of receiving funds, shall submit, on or before August 1 and February 1 of each year, an estimate of expenditures under this item to the Managed Risk Medical Insurance Board. The Managed Risk Medical Insurance Board shall reflect this information in the November and May estimates provided to the Department of Finance.
3. To provide for the effective use of federal State Children’s Health Insurance Program funds in the County Health Initiative Matching Fund program and notwithstanding Section 28.00, this item may be reduced or increased by the Department of Finance not sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.

4280-104-0236—For local assistance, Managed Risk Medical Insurance Board, for the Healthy Families Program Rural Health Demonstration Project..... 2,047,000

Schedule:

(1) 40-Healthy Families Program.....	5,849,000	
(2) Amount payable from Federal Trust Fund (Item 4280-104-0890).....	-3,802,000	
4280-104-0890—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280- 104-0236, payable from the Federal Trust Fund, for the Healthy Families Program Rural Health Demonstration Project.....		3,802,000
4280-111-0232—For transfer by the Controller from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund to the Perinatal Insurance Fund, for the Access for Infants and Mothers Pro- gram.....	(30,672,000)	
Provisions:		
1. In order to effectively administer the Access for Infants and Mothers Program the Department of Finance may decrease or increase this item in order to conform the appropriation to revised subvention estimates.		
4280-111-0233—For transfer by the Controller from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund to the Perinatal Insurance Fund, for the Access for Infants and Mothers Pro- gram.....	(13,630,000)	
Provisions:		
1. In order to effectively administer the Access for Infants and Mothers Program the Department of Finance may decrease or increase this item in order to conform the appropriation to revised subvention estimates.		
4280-112-0232—For transfer by the Controller from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund to the Major Risk Medical Insurance Fund, for the Major Risk Medical Insur- ance Program.....	(6,393,000)	
4280-112-0233—For transfer by the Controller from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund to the Major Risk Medical Insurance Fund, for the Major Risk Medical Insur- ance Program.....	(3,607,000)	
4300-001-0001—For support of Department of Develop- mental Services.....		26,415,000
Schedule:		
(1) 10-Community Services Program....	24,980,000	
(2) 20-Developmental Centers Pro- gram.....	15,129,000	

(3)	35.01-Administration.....	25,302,000
(4)	35.02-Distributed Administration.....	-25,302,000
(6)	Reimbursements.....	-11,118,000
(7)	Amount payable from the Developmental Disabilities Program Development Fund (Item 4300-001-0172).....	-280,000
(8)	Amount payable from the Federal Trust Fund (Item 4300-001-0890)....	-2,296,000

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-003-0001 in order to appropriately align General Fund and Medi-Cal reimbursements from the State Department of Health Care Services with budgeted activities. Within 10 working days after approval of a transfer as authorized by this provision, the Department of Finance shall notify the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee of the transfer, including the amount transferred, how the amount was determined, and how the amount will be utilized.
2. The General Fund shall make a loan available to the State Department of Developmental Services not to exceed a cumulative total of \$3,000,000. The loan funds will be transferred to this item as needed to meet cashflow needs due to delays in collecting reimbursements for the Health Care Deposit Fund, and are subject to the repayment provisions in Section 16351 of the Government Code.
3. The State Department of Developmental Services may promulgate regulations specifically for implementing proposals to increase federal funding to the state. Notwithstanding any other provision of law, such regulations shall be deemed emergency regulations necessary for the immediate preservation of the public peace, health and safety, or general welfare for purposes of subdivision (b) of Section 11346.1 of the Government Code.
4. Notwithstanding Section 26.00, the Department of Finance may authorize transfer of expenditure

authority between Schedules (1) and (2) in order to accurately reflect expenditures in these programs.

5. The State Department of Developmental Services shall provide the fiscal and policy committees of both houses of the Legislature with a comprehensive status update on the Agnews Plan, on January 10, 2008, and May 15, 2008, which will include at a minimum all of the following:
 - (a) A description and progress report on all pertinent aspects of the community-based resources development, including the status of the Agnews transition placement plan.
 - (b) An aggregate update on the consumers living at Agnews and consumers who have been transitioned to other living arrangements, including a description of the living arrangements (model being used) and the range of services the consumers receive.
 - (c) An update to the Major Implementation Steps and Timelines.
 - (d) A comprehensive update to the fiscal analyses as provided in the original plan.
 - (e) An update to the plan regarding Agnews' employees, including employees who are providing medical services to consumers on an outpatient basis, as well as employees who are providing services to consumers in residential settings.
 - (f) Specific measures the state, including the State Department of Developmental Services and the State Department of Health Care Services, is taking in meeting the health, mental health, medical, dental, and overall well-being of consumers living in the community and those residing at Agnews until appropriately transitioned in accordance with the Lanterman Developmental Disabilities Services Act (Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code).

The above-requested information may be provided through the State Department of Developmental Services' budget process, as part of the Regional Center and Developmental Center es-

timates packages. The updated information shall be made available to the public upon request.

- 6. The State Department of Developmental Services shall actively engage the Regional Centers to assess and determine methods for (a) improving the training of case managers, (b) recruiting and retaining case managers throughout the state, and (c) addressing other needs as identified in the federal Centers of Medicare and Medicaid (CMS) letter (dated April 2006) regarding the state's compliance with the Home and Community-Based Services Waiver program.

- 7. The State Department of Developmental Services shall provide the appropriate fiscal and policy committees of the Legislature with a monthly update on the development of the housing and the expenditure of the \$11,115,000 appropriated in Item 4300-105-0001, Budget Act of 2004 (Ch. 208, Stats. 2004) to facilitate the development of community-based living options for current residents of Agnews Developmental Center. At a minimum, this shall include all of the following components: (a) all the properties acquired during the month, (b) the cost of each property, (c) the address of each property, (d) the square footage of any residential structures on the property, (e) the size of any lot that is purchased with the intent to build on it, and (f) estimated construction and renovation costs for each property before construction or renovation begins. In addition, funds expended for the predevelopment costs of securing property, such as escrow deposits, architectural fees, and abatement of asbestos and other hazardous materials, shall be reported.

4300-001-0172—For support of Department of Developmental Services, for payment to Item 4300-001-0001, payable from the Developmental Disabilities Program Development Fund.....

280,000

Provisions:

- 1. Notwithstanding any other provision of law, the Department of Finance may authorize expenditures for the State Department of Developmental Services in excess of the amount appropriated no sooner than 30 days after notification in writing is provided to the chairpersons of the fiscal committees in each house of the Legisla-

ture and the Chairperson of the Joint Legislative Budget Committee, or no sooner than such lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.

4300-001-0890—For support of Department of Developmental Services, for payment to Item 4300-001-0001, payable from the Federal Trust Fund..... 2,296,000
Provisions:

1. Upon order of the Department of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4300-101-0890 in order to effectively administer the Early Intervention Program (Part C of the Individuals with Disabilities Education Act).

4300-003-0001—For support of Department of Developmental Services, for Developmental Centers..... 382,508,000
Schedule:

- (1) 20-Developmental Centers Program..... 707,428,000
- (2) Reimbursements..... -324,300,000
- (3) Amount payable from the Federal Trust Fund (Item 4300-003-0890),.... -620,000

- Provisions:
1. A loan shall be available from the General Fund to the State Department of Developmental Services not to exceed a cumulative total of \$77,000,000. The loan funds will be transferred to this item as needed to meet cashflow needs due to delays in collecting reimbursements from the Health Care Deposit Fund, and subject to the repayment provisions of Section 16351 of the Government Code.
 2. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-001-0001 in order to appropriately align General Fund and Medi-Cal reimbursements from the State Department of Health Care Services with budgeted activities. Within 10 working days after approval of a transfer as authorized by this provision, the Department of Finance shall notify the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee of the transfer, including the amount transferred, how the

amount was determined, and how the amount will be utilized.

3. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-101-0001.
4. The State Department of Developmental Services (DDS) shall notify the chairperson of each fiscal committee and policy committee of each house of the Legislature of specific outcomes resulting from citations and the results of annual surveys conducted by the State Department of Health Care Services, as well as findings of any other government agency authorized to conduct investigations or surveys of state developmental centers. The DDS shall forward the notifications, including a copy of the specific findings, to the chairpersons of the committees within 10 working days of its receipt of these findings. The DDS also shall forward these findings, within three working days of submission, to the appropriate investigating agency. In addition, the DDS shall provide notification to the chairpersons of the committees, within three working days, of its receipt of information concerning any investigation initiated by the United States Department of Justice and the private nonprofit corporation designated by the Governor pursuant to Division 4.7 (commencing with Section 4900) of the Welfare and Institutions Code or concerning any findings or recommendations resulting from any of these investigations.
5. Notwithstanding any other provision of law, the Department of Finance may augment this item to provide salary increases for classifications related to the Coleman litigation in the event that more vacant positions are filled than were originally proposed in the 2007–08 staffing plan, or for contract costs for registry funding, if necessary. This item may not be augmented earlier than 30 days, or a lesser amount of time as determined by the Chairperson of the Joint Legislative Budget Committee or his or her designee, after written notification of the necessity for augmentation to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee.

Item Amount

4300-003-0890—For support of Department of Developmental Services, for payment to Item 4300-003-0001, payable from the Federal Trust Fund..... 620,000

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-101-0890 in order to effectively administer the Foster Grandparent Program.

4300-004-0001—For support of Department of Developmental Services (Proposition 98), for Developmental Centers..... 8,730,000

Schedule:

- (1) 20-Developmental Centers Program..... 11,896,000
 - (a) 20.17-AB 1202 Contracts..... 2,052,000
 - (b) 20.66-Medi-Cal Eligible Services..... 9,844,000
- (2) Reimbursements..... -3,166,000

Provisions:

1. Of the amount appropriated in this item, \$3,166,000 is to be used to provide the General Fund match for Medi-Cal Eligible Services.

4300-017-0001—For support of Department of Developmental Services, for implementation of the Health Insurance Portability and Accountability Act..... 280,000

Schedule:

- (1) 20-Developmental Centers Program..... 468,000
- (2) Reimbursements..... -188,000

Provisions:

1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

4300-101-0001—For local assistance, Department of Developmental Services, for Regional Centers.... 2,223,906,000

Schedule:

- (1) 10.10.010-Operations..... 496,140,000
- (2) 10.10.020-Purchase of Services..... 3,084,418,000
- (3) 10.10.060-Early Intervention Programs..... 20,095,000
- (4) Reimbursements..... -1,194,182,000

- (5) Amount payable from the Public Transportation Account, State Transportation Fund (Item 4300-101-0046)..... -128,806,000
- (6) Amount payable from Developmental Disabilities Program Development Fund (Item 4300-101-0172).... -1,265,000
- (7) Amount payable from Federal Trust Fund (Item 4300-101-0890)..... -52,494,000

Provisions:

- 1. Upon order of the Director of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-003-0001.
- 2. A loan shall be made available from the General Fund to the State Department of Developmental Services (DDS) not to exceed a cumulative total of \$160,000,000. The loan funds shall be transferred to this item as needed to meet cashflow needs due to delays in collecting reimbursements from the Health Care Deposit Fund, and are subject to the repayment provisions of Section 16351 of the Government Code.
- 3. Upon order of the Director of Finance, the Controller shall transfer funds as are necessary between this item and Item 5160-001-0001 to provide for the transportation costs to and from work activity programs of clients who are receiving vocational rehabilitation services through the Vocational Rehabilitation/Work Activity Program (VR/WAP) Transition Program.
- 4. \$1,826,000 of the funds appropriated in this item may be used to augment service provider rates for the work needed to obtain information to secure federal participation under the Home and Community-Based Services Waiver program. Eligible providers are those service providers who are qualified providers under Title XIX of the Social Security Act, are not currently providing the required information, and are serving individuals enrolled under the Home and Community-Based Services Waiver program.
- 5. Notwithstanding Section 26.00, the Department of Finance may authorize transfer of expenditure authority between Schedules (1) and (2) in order to more accurately reflect expenditures in the Early Intervention federal grant program (Part

C of the Individuals with Disabilities Education Act).

6. It is the intent of the Legislature for the State Department of Health Care Services and the State Department of Developmental Services to collaboratively work with stakeholders, including providers and diverse constituency groups as deemed appropriate, regarding the bundling of rates for the reimbursement of intermediate care facilities for the developmentally disabled, including habilitative and nursing facilities. It is the intent of the Legislature that any changes made by the state shall be seamless to the providers of services affected by the changes, as well as to the consumers and their families that are provided services through the Regional Center system. The integrity of the individual program plan process described in the Lanterman Developmental Disabilities Services Act (Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code) shall be maintained throughout this process and shall not be affected by any changes made to implement the bundled rates.
7. Of the funds appropriated in Schedule (2), the amount identified by the State Department of Developmental Services for self-directed services shall be available for encumbrance until June 20, 2009, and for liquidation until June 30, 2010.
8. Funds appropriated in this item for the Wellness Initiative shall be used by the State Department of Developmental Services (DDS) to purchase, contract for, or otherwise obtain the services of two mobile clinics which shall be specifically outfitted to provide a range of health and medical services to support the closure of Agnews Developmental Center, as determined by DDS in working with constituency groups as deemed appropriate. DDS may purchase these mobile clinics using a competitive process. That purchase shall be exempt from Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code in order to facilitate a timely purchase to assist in ensuring the public health and welfare of the people served under the Lanterman Developmental Disabilities Services

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Item

STATUTES OF 2007

[Ch. 171]
Amount

Item	Amount
Act (Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code).	
4300-101-0046—For local assistance, Department of Developmental Services, for payment to Item 4300-101-0001, payable from the Public Transportation Account, State Transportation Fund.....	128,806,000
4300-101-0172—For local assistance, Department of Developmental Services, for payment to Item 4300-101-0001, payable from the Developmental Disabilities Program Development Fund.....	1,265,000
Provisions:	
1. Notwithstanding any other provision of law, the Department of Finance may authorize expenditures for the Department of Developmental Services in excess of the amount appropriated no sooner than 30 days after notification in writing of the chairpersons of the fiscal committees in each house and the Chairperson of the Joint Legislative Budget Committee, or no sooner than such lesser time as the chairperson of the committee, or his or her designee, may in each instance determine.	
4300-101-0890—For local assistance, Department of Developmental Services, for Regional Centers, for payment to Item 4300-101-0001, payable from Federal Trust Fund.....	52,494,000
Provisions:	
1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-001-0890 in order to effectively administer the Early Intervention federal grant program (Part C of the Individuals with Disabilities Education Act).	
2. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-003-0890 in order to effectively administer the Foster Grandparent Program.	
4300-103-0001—For local assistance, Department of Developmental Services, Program 10.10.020-Regional Centers: Purchase of Services, Risk Pool, Self Directed Services.....	63,000
4300-117-0001—For local assistance, Department of Developmental Services, for implementation of the Health Insurance Portability and Accountability Act.....	708,000

Schedule:

- (1) 10.10.010-Regional Centers: Operations..... 1,416,000
- (2) Reimbursements..... -708,000

Provisions:

- 1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

4300-301-0001—For capital outlay, Department of Developmental Services..... 2,821,000

Schedule:

- (1) 55.25.250-Fairview: Air-Condition School and Activity Center—Preliminary plans and working drawings..... 338,000
- (2) 55.25.260-Fairview: Install Personal Alarm Locating System—Preliminary plans and working drawings..... 499,000
- (3) 55.50.470-Porterville: Renovate Satellite Kitchens and Dining Rooms—Working drawings..... 1,400,000
- (4) 55.50.480-Porterville: Upgrade Personal Alarm Locating System—Preliminary plans and working drawings..... 584,000

Provisions:

- 1. Notwithstanding any other provision of law, the project funded in Schedule (3) shall be considered part of the Porterville: New Main Kitchen project funded in Item 4300-301-0660 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- 2. Notwithstanding Section 1.80, funds appropriated in Schedules (1), (2), and (4) for working drawings shall be available for expenditure until June 30, 2009.

4300-490—Reappropriation, Department of Developmental Services. Notwithstanding any other provision of law, as of June 30, 2007, the balances of the appropriations provided in the following citations are reappropriated for the purposes specified and shall be available for encumbrance or expenditure until June 30, 2008, unless otherwise stated:

0001—General Fund

(1) Item 4300-101-0001, Budget Act of 2006 (Ch. 47, Stats. 2006)

Schedule:

(a) Balance of appropriations in Schedule (1) 10.10.010 and Schedule (2) 10.10.020 for the Life Quality Assessment Interagency Agreement.

0496—Developmental Disabilities Services Account

(1) Item 4300-101-0496, Budget Act of 2006 (Ch. 47, Stats. 2006)

4440-001-0001—For support of Department of Mental Health..... 61,920,000

Schedule:

(1) 10-Community Services..... 81,132,000

(2) 20-Long-Term Care Services..... 42,035,000

(3) 35.01-Departmental Administration..... 21,635,000

(4) 35.02-Distributed Departmental Administration..... -21,635,000

(5) Reimbursements..... -20,935,000

(6) Amount payable from the Traumatic Brain Injury Fund (Item 4440-001-0311)..... -115,000

(7) Amount payable from the Federal Trust Fund (Item 4440-001-0890).... -3,877,000

(8) Amount payable from the Mental Health Services Fund (Item 4440-001-3085)..... -35,963,000

(9) Amount payable from the Licensing and Certification Fund, Mental Health (Item 4440-001-3099)..... -357,000

Provisions:

1. Upon order of the Department of Finance, and following 30-day notification to the Joint Legislative Budget Committee, the Controller shall transfer between this item and Item 4440-016-0001 those funds that are necessary for direct community services, as well as administrative and ancillary services related to the provision of direct services.

2. It is the intent of the Legislature for the State Department of Mental Health to work collaboratively with the Legislature to develop an appropriate administrative structure for the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program for implementation in the

2008–09 fiscal year, including enacting legisla- tion to codify the administrative structure within the two-year period of the 2007–08 legislative session.	
4440-001-0311—For support of Department of Mental Health, for payment to Item 4440-001-0001, payable from the Traumatic Brain Injury Fund.....	115,000
4440-001-0890—For support of Department of Mental Health, for payment to Item 4440-001-0001, payable from the Federal Trust Fund.....	3,877,000
Provisions:	
1. Upon order of the Department of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4440-101- 0890.	
4440-001-3085—For support of Department of Mental Health, for payment to Item 4440-001-0001, payable from the Mental Health Services Fund.....	35,963,000
Provisions:	
1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appro- priated for administration pursuant to subdivi- sion (d) of Section 5892 of the Welfare and In- stitutions Code.	
2. Notwithstanding any other provision of law, the Department of Finance may increase the funding provided in this item to further the implementa- tion of the Mental Health Services Act. Any in- crease may occur not sooner than 30 days after written notification has been provided to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees, and the appro- priate subcommittees, in each house that consid- er the State Budget, and the Chairperson of the Joint Legislative Budget Committee identifying the need for that increase and the expenditure plan for the additional funds.	
3. It is the intent of the Legislature that the Office of State Audits and Evaluations (OSAE) review specific aspects of the administration of the Mental Health Services Act (MHSA) by the State Department of Mental Health (DMH). The OSAE shall examine the following: (a) the ex- tent to which the DMH’s review process of county mental health program and expenditure plans is consistent with the MHSA, (b) how the	

DMH protocols for the review of county mental health program and expenditure plans could be adjusted to improve departmental efficiency, and (c) appropriate measures that could be taken by the DMH to ensure that counties receive MHPA funds in a timely manner. The OSAE shall report its findings by June 1, 2008, to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in both houses of the Legislature.

4440-001-3099—For support of Department of Mental Health, for payment to Item 4440-001-0001, payable from the Licensing and Certification Fund, Mental Health..... 357,000

4440-003-0001—For support of Department of Mental Health, for rental payments on lease-revenue bonds..... 14,873,000

Schedule:

- (1) Base Rent and Fees..... 39,252,000
- (2) Insurance..... 121,000
- (3) Reimbursements..... -24,500,000

Provisions:

- 1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise needed to ensure debt requirements are met.
- 2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

4440-011-0001—For support of the State Hospitals, Department of Mental Health..... 1,039,502,000

Schedule:

- (1) 20.10-Long-Term Care Services—Lanterman-Petris-Short Act..... 133,903,000
- (2) 20.20-Long-Term Care Services—Penal Code and Judicially Committed..... 869,469,000
- (3) 20.30-Long-Term Care Services—Department of Corrections and Rehabilitation..... 110,649,000

(4) 20.40-Long-Term Care Services—Other State Hospital Services.....	3,406,000
(5) Reimbursements.....	-77,830,000
(6) Amount payable from the California State Lottery Education Fund (Section 8880.5 of the Government Code).....	-95,000

Provisions:

1. Upon order of the Department of Finance, and following 30-day notification to the Joint Legislative Budget Committee, the Controller shall transfer between this item and Item 4440-016-0001 those funds that are necessary for direct community services, as well as administrative and ancillary services related to the provision of direct services.
2. Upon approval of the State Department of Mental Health, a portion of the funds appropriated in Schedule (2) shall be available to reimburse counties for the cost of treatment and legal services to patients in the five State Department of Mental Health State Hospitals, pursuant to Section 4117 of the Welfare and Institutions Code. Expenditures made under this item shall be charged to either the fiscal year in which the claim is received or the fiscal year in which the Controller issues the warrant. Claims filed by local jurisdictions for legal services may be scheduled by the Controller for payment.
3. The reimbursements identified in Schedule (5) shall include amounts received by the State Department of Mental Health as a result of billing for Lanterman-Petris-Short (LPS) Act state hospital bed day expenditures attributable to conservatees who are gravely disabled as defined in subparagraph (B) of paragraph (1) of subdivision (h) of Section 5008 of the Welfare and Institutions Code (Murphy Conservatee).
4. Of the total amount attributable in the 2007–08 fiscal year to patient-generated collections for Lanterman-Petris-Short (LPS) Act patients, the Controller shall transfer \$8,000,000 as revenue to the General Fund, and the remainder shall be used to offset county costs for LPS state hospital beds.

5. Notwithstanding any other provision of law, funds appropriated to accommodate projected hospital population levels in excess of those that actually materialize, if any, shall revert to the General Fund. However, the Department of Finance may approve an increase in expenditures that are not related to caseload for the state hospitals through the redirection of funding that is reasonably believed not to be needed for accommodating projected hospital population levels if the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or prior to whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. All notifications shall include (a) the reason for the proposed redirection of caseload funding to expenditures that are not related to caseload, (b) the approved amount, and (c) the basis of the Director of Finance's determination that the funding is not needed for accommodating projected hospital population levels.
6. Notwithstanding Section 26.00, the Department of Finance may authorize the transfer of expenditure authority between Schedules (1), (2), (3), and (4) in order to accurately reflect caseload in these programs.
7. Notwithstanding any other provision of law, the Department of Finance may augment this item to provide salary increases for classifications related to the Coleman litigation in the event that more vacant positions are filled than were originally proposed in the 2007–08 staffing plan, or for contract costs for registry funding, if necessary. This item may not be augmented earlier than 30 days, or a lesser amount of time as determined by the Chairperson of the Joint Legislative Budget Committee or his or her designee, after written notification of the necessity for augmentation to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee.

- 8. Of the amount appropriated in this item, \$4,280,000 is available only to provide appropriate treatment to individuals found incompetent to stand trial and who have not been committed to a state hospital. These funds may be encumbered no earlier than 30 days, or a lesser amount of time as determined by the Chairperson of the Joint Legislative Budget Committee or his or her designee, after the Department of Finance provides a written expenditure plan for these funds to the chairpersons of the fiscal committees in each house of the Legislature, and to the Chairperson of the Joint Legislative Budget Committee.
- 9. The State Department of Mental Health shall provide the fiscal and policy committees of the Legislature, including the Chairperson of the Joint Legislative Budget Committee, and the Department of Finance with a quarterly update on the progress of the hiring plan to ensure appropriate active treatment for patients, state licensure requirements, and in meeting the Consent Judgment with the federal United States Department of Justice regarding the federal Civil Rights of Institutionalized Persons Act (CRIPA). This quarterly update shall be provided within 10 working days of the close of the quarter to ensure the exchange of timely and relevant information.

4440-012-0001—For support of the State Hospitals (Proposition 98), Department of Mental Health..... 3,400,000
Schedule:

(1) 20.10-Long-Term Care Services—Lanterman-Petris-Short Act..... 3,400,000

Provisions:

- 1. The funds appropriated in this item are available to contract for the provision of education services for mental health patients on state hospital grounds.

4440-016-0001—For support of Department of Mental Health, for Conditional Release Services..... 24,446,000
Schedule:

(1) 20-Long-Term Care Services..... 24,446,000
Provisions:

- 1. The funds appropriated in this item shall be used to provide community services as provided in

Section 4360 of the Welfare and Institutions Code. These funds shall support direct community services, as well as administrative and ancillary services related to the provision of direct services.

2. Upon order of the Department of Finance, and following 30-day notification to the Joint Legislative Budget Committee, the Controller shall transfer between this item and Items 4440-001-0001 and 4440-011-0001 those funds that are necessary for direct community services, as well as administrative and ancillary services related to the provision of direct services.
3. The State Department of Mental Health shall provide forensic conditional release services mandated either in Title 15 (commencing with Section 1600) of Part 2 or in Article 4 (commencing with Section 2960) of Chapter 7 of Title 1 of Part 3 of the Penal Code, through contracts with programs which integrate the supervision and treatment roles and providers selected consistent with Section 1615 of the Penal Code.
4. Of the funds appropriated in this item, it is intended that no funds shall be available for the payment of treatment services to persons on court visit from state hospitals to the community as designated in subdivision (a) of Section 4117 of the Welfare and Institutions Code.

4440-017-0001—For support of Department of Mental Health, for implementation of the Health Insurance Portability and Accountability Act..... 1,113,000

Schedule:

- | | |
|--|------------|
| (1) 10-Community Services..... | 2,241,000 |
| (2) 20-Long-Term Care Services..... | 0 |
| (3) 35.01-Departmental Administration..... | 685,000 |
| (4) 35.02-Distributed Departmental Administration..... | -685,000 |
| (5) Reimbursements..... | -1,128,000 |

Provisions:

1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

4440-101-0001—For local assistance, Department of Mental Health.....	518,723,000
Schedule:	
(1) 10.25-Community Services—Other Treatment.....	705,124,000
(2) 10.30-Community Services—EPSDT.....	916,805,000
(3) 10.47-Community Services—Children’s Mental Health Services.....	350,000
(4) 10.85-Community Services—AIDS.....	1,500,000
(5) 10.97-Community Services—Healthy Families Program.....	27,615,000
(6) Reimbursements.....	-1,132,671,000
Provisions:	
1. Augmentations to reimbursements in this item from the Office of Emergency Services for Disaster Relief are exempt from Section 28.00. The State Department of Mental Health shall provide written notification to the Joint Legislative Budget Committee describing the nature and planned expenditure of these augmentations when the amount received exceeds \$200,000.	
2. It is the intent of the Legislature that local expenditures for mental health services for Medi-Cal eligible individuals serve as the match to draw down maximum federal financial participation to continue the Short-Doyle/Medi-Cal program.	
4440-101-0311—For local assistance, Department of Mental Health, all funds that are transferred into the Traumatic Brain Injury Fund pursuant to subdivision (f) of Section 1464 of the Penal Code.....	1,050,000
Schedule:	
(1) 10.87-Community Services—Traumatic Brain Injury Projects.....	1,199,000
(2) Reimbursements.....	-149,000
4440-101-0890—For local assistance, Department of Mental Health, payable from the Federal Trust Fund.....	59,457,000
Schedule:	
(1) 10.25-Community Services—Other Treatment.....	52,075,000
(2) 10.75-Community Services—Homeless Mentally Disabled.....	7,382,000

Provisions:

- 1. The funds appropriated in this item are for assistance to local agencies in the establishment and operation of mental health services, in accordance with Division 5 (commencing with Section 5000) of the Welfare and Institutions Code.
- 2. The Department of Mental Health may authorize advance payments of federal grant funds on a monthly basis to the counties for grantees. These advance payments may not exceed one-twelfth of Section 2.00 of the individual grant award for the 2007–08 fiscal year.
- 3. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4440-001-0890.

4440-102-0001—For local assistance, Department of Mental Health (Proposition 98) for early mental health services.....	15,000,000
4440-103-0001—For local assistance, Department of Mental Health, for Mental Health Managed Care....	246,207,000

Schedule:

- (1) 10.25-Community Services—Other Treatment..... 246,207,000

Provisions:

- 1. The allocation of funds appropriated in this item shall be determined based on a methodology developed by the State Department of Mental Health in consultation with a statewide organization representing counties. This methodology shall be based on a review of actual and projected expenditures for mental health services for Medi-Cal beneficiaries, by county.
- 2. Of the amount appropriated in this item, \$8,000,000 shall be transferred to the Mental Health Managed Care Deposit Fund (Fund 0865).
- 3. Upon order of the Department of Finance and agreement between the State Department of Mental Health and the State Department of Health Care Services, the Controller shall transfer between this item and Item 4260-101-0001 any General Fund amount determined necessary to fully reflect the transfer of responsibility for administration of mental health services pursuant to the implementation of mental health managed care.

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4440-104-0001—For local assistance, Department of Mental Health, to provide AB 3632 mental health services to special education pupils through a categorical program..... 52,000,000

4440-111-0001—For local assistance, Department of Mental Health, for caregiver resource centers serving families of adults with acquired brain injuries..... 11,747,000

4440-115-0001—For local assistance, Department of Mental Health, for the Early and Periodic Screening, Diagnosis, and Treatment Program..... 86,679,000

Schedule:

(1) 10.30-Community Services- EPSDT..... 170,203,000

(2) Reimbursements..... -83,524,000

Provisions:

1. Funding appropriated in this item is available solely to reimburse counties for costs from prior years that have been validated by the State Department of Mental Health. It is the intent of the Legislature that the total cost of \$260,200,000 owed to counties will be reimbursed over a three-year period commencing with the Budget Act of 2007.

4440-301-0001—For capital outlay, Department of Mental Health..... 3,331,000

Schedule:

(1) 55.18.265-Atascadero: Kitchen Study..... 200,000

(2) 55.35.295-Metropolitan: Remodel Satellite Serving Kitchens—Construction..... 1,432,000

(4) 55.40.280-Napa: Remodel Satellite Serving Kitchens and Dining Rooms—Working drawings..... 761,000

(5) 55.45.295-Patton: Remodel Satellite Serving Kitchens and Dining Rooms—Working drawings..... 463,000

(6) 55.10.205-Minor Projects..... 475,000

Provisions:

1. Notwithstanding any other provision of law, the project funded in Schedule (2) shall be considered part of the Metropolitan: Construct New Main Kitchen and Remodel Satellite Serving Kitchens project funded in Item 4440-301-0660.

2. Notwithstanding any other provision of law, the projects funded in Schedules (4) and (5) shall be considered part of the Napa: Construct New

Main Kitchen and Patton: Construct New Main Kitchen projects funded respectively in Schedules (1) and (2) of Item 4440-301-0660 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).

- 3. The State Department of Mental Health shall work with the City of Norwalk, and other interested parties as appropriate, to develop a capital outlay budget package that will address the scope of the shepherd's hook fence project at Metropolitan State Hospital. This shall be completed within existing funds as determined by the Department of Finance. The State Department of Mental Health shall keep local representatives informed of their progress in working with the community in this effort, and shall report back to the fiscal committees of the Legislature no later than January 20, 2008, regarding these efforts.

4440-301-0660—For capital outlay, Department of Mental Health, payable from the Public Buildings Construction Fund.....	14,096,000
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Schedule:

- (1) 55.35.295-Metropolitan: Construct New Main Kitchen and Remodel Satellite Serving Kitchens—Construction..... 7,498,000
- (2) 55.18.246-Atascadero 250-Bed Addition Remediation—Construction..... 6,598,000

Provisions:

- 1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the project authorized by this item.
- 2. The State Department of Mental Health and State Public Works Board are authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
- 3. The State Public Works Board shall not be deemed to be the lead or responsible agency for purposes of the California Environmental Qual-

ity Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This provision does not exempt the State Department of Mental Health from the requirements of the California Environmental Quality Act. This provision is declaratory of existing law.

4440-490—Reappropriation, Department of Mental Health. Upon approval of the Department of Finance, the amount specified in the following citation is reappropriated for the purposes provided for in that appropriation and shall be available for encumbrance or expenditure until June 30, 2008:

0001—General Fund

- (1) \$3,318,000 of the appropriation provided in Item 4440-001-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). This amount shall be for payment of eligible claims under the provisions of the Conlan court order.

Schedule:

- (1) 10-Community Services..... 3,318,000
- (5) Reimbursements..... -1,659,000

4440-491—Reappropriation, Department of Mental Health. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2012:

0660—Public Buildings Construction Fund

- (1) Item 4440-301-0660, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as reappropriated by Item 4440-490, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
- (2) 55.45.270-Patton: Renovate Admission Suite and Fire Life Safety and Environmental Improvements and Seismic Retrofit, Phases II and III, EB Building—Construction

4440-492—Reappropriation, Department of Mental Health. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations is extended to June 30, 2012:

0660—Public Buildings Construction Fund

- (1) Item 4440-301-0660, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

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(2) 55.45.270-Patton: Renovate Admission Suite and Fire Life Safety and Environmental Improvements and Seismic Retrofit, Phases II and III, EB Building—Working Drawings	
4700-001-0001—For support of Department of Community Services and Development.....	250,000
Schedule:	
(1) 47-Naturalization Services.....	250,000
4700-001-0890—For support of Department of Community Services and Development, payable from the Federal Trust Fund.....	10,094,000
Schedule:	
(1) 20-Energy Programs.....	8,894,000
(2) 40-Community Services.....	3,321,000
(3) 50.01-Administration.....	3,900,000
(4) 50.02-Distributed Administration....	-3,900,000
(5) Reimbursements.....	-2,121,000
Provisions:	
1. On a federal fiscal year basis, the Department of Community Services and Development shall make the following program allocation for the community services block grant, as a percentage of the total block grant:	
(a) Administration.....	5 percent
4700-101-0001—For local assistance, Department of Community Services and Development.....	4,750,000
Schedule:	
(1) 47-Naturalization Services.....	4,750,000
4700-101-0890—For local assistance, Department of Community Services and Development, for assistance to individuals and payments to service providers, payable from the Federal Trust Fund.....	154,536,000
Schedule:	
(1) 20-Energy Programs.....	92,404,000
(2) 40-Community Services.....	62,132,000
Provisions:	
1. On a federal fiscal year basis, the department shall make the following program allocations for the community services block grant as a percentage of the total block grant:	
(a) Discretionary.....	5 percent
(b) Migrant and seasonal farmworkers.....	10 percent
(c) Native American Indian programs.....	3.9 percent

(d) Community action agencies
and rural community ser-
vices..... 76.1 percent

All grantees under the community services block
grant program are subject to standard state con-
tracting procedures required under the program.

- 2. Funds scheduled in Item 4700-101-0890 may
be transferred to Item 4700-001-0890 for the
administration of the Low Income Home Energy
Assistance Program, subject to approval of the
Department of Finance.

5160-001-0001—For support of Department of Rehabil-
itation..... 55,295,000

Schedule:

- (1) 10-Vocational Rehabilitation Ser-
vices..... 368,140,540
- (2) 30-Independent Living Services.... 3,325,460
- (3) 40.01-Administration..... 31,083,000
- (4) 40.02-Distributed Administra-
tion..... -31,083,000
- (6) Reimbursements..... -7,900,000
- (7) Amount payable from the Vending
Stand Fund (Item 5160-001-
0600)..... -3,361,000
- (8) Amount payable from the Federal
Trust Fund (Item 5160-001-
0890)..... -304,696,000
- (9) Amount payable from the Mental
Health Services Fund (Item 5160-
001-3085)..... -214,000

Provisions:

- 1. Upon order of the Director of Finance, the
Controller shall transfer such funds as are neces-
sary between this item and Item 4300-101-0001
to provide for the transportation costs to and
from work activity programs of clients who are
receiving vocational rehabilitation services
through the Vocational Rehabilitation/Work
Activity Program (VR/WAP).
- 2. The Department of Rehabilitation shall maxi-
mize its use of certified time as a match for fed-
eral vocational rehabilitation funds. To the extent
that certified time is available, it shall be used
in lieu of the General Fund moneys.
- 3. Upon order of the Director of Finance, the
Controller shall transfer the General Fund share
of budgeted client costs as necessary between

this item and Item 4300-101-0001 to provide for the net transfer of clients, resulting from program closures, between the Department of Rehabilitation and the State Department of Developmental Services. The amount transferred shall be based on the amount budgeted per client by each department for the remainder of the fiscal year.

5160-001-0600—For support of Department of Rehabilitation, for payment to Item 5160-001-0001, payable from the Vending Stand Fund..... 3,361,000

5160-001-0890—For support of Department of Rehabilitation, for payment to Item 5160-001-0001, payable from the Federal Trust Fund..... 304,696,000

Provisions:

1. The amount appropriated in this item that is payable from federal Social Security Act funds for vocational rehabilitation services for SSI/SSDI recipients shall be expended only to the extent that funds received exceed the amount appropriated in Item 5160-101-0890 that is payable from the federal Social Security Act funds. It is the intent of the Legislature that first priority of federal Social Security Act funding be given to independent living centers in the amount of federal Social Security Act funding appropriated in Item 5160-101-0890.

5160-001-3085—For support of Department of Rehabilitation, for payment to Item 5160-001-0001, payable from the Mental Health Services Fund..... 214,000

Provisions:

1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to subdivision (d) of Section 5892 of the Welfare and Institutions Code.

5160-101-0890—For local assistance, Department of Rehabilitation, payable from the Federal Trust Fund..... 15,736,000

Schedule:

- (1) 30-Independent Living Services.... 15,736,000

5170-001-0001—For support of State Independent Living Council..... 0

Schedule:

- (1) 10-State Council Services..... 498,000
- (2) Reimbursements..... -498,000

5175-001-0001—For support of Department of Child Support Services..... 19,789,000

Schedule:

(1) 10-Child Support Services.....	60,838,000	
(2) Reimbursements.....	-123,000	
(3) Amount payable from the Federal Trust Fund (Item 5175-001-0890).....	-40,926,000	
5175-001-0890—For support of Department of Child Support Services, for payment to Item 5175-001-0001, payable from the Federal Trust Fund.....		40,926,000
5175-002-0001—For support of Department of Child Support Services.....		25,777,000

Schedule:

(1) 10-Child Support Services.....	82,011,000
(2) Amount payable from the Federal Trust Fund (Item 5175-002-0890).....	-56,234,000

Provisions:

1. Funds in this item shall be used for contracts and interagency agreements in the child support program, unless otherwise authorized by the Department of Finance no sooner than 30 days after providing notification in writing to the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or no sooner than such lesser time as the chairperson of the committee, or his or her designee, may in each instance determine.
2. Notwithstanding any other provision of law, the Department of Finance may augment this item to reimburse the Judicial Council for the increased costs associated with salary adjustments for child support commissioners and family law facilitators pursuant to Section 17712 of the Family Code, in the event such salary adjustments are provided to superior court judges, no sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.

5175-002-0890—For support of Department of Child Support Services, for payment to Item 5175-002-0001, payable from the Federal Trust Fund..... 56,234,000
Provisions:

- 1. Provisions 1 and 2 of Item 5175-002-0001 also apply to this item.

5175-101-0001—For local assistance, Department of Child Support Services..... 270,178,000
Schedule:

- (1) 10-Child Support Services..... 955,115,000
 - (a) 10.01-Child Support Administration..... 842,143,000
 - (b) 10.03-Child Support Automation..... 112,972,000
- (2) Amount payable from the Federal Trust Fund (Item 5175-101-0890)..... -465,381,000
- (3) Amount payable from the Child Support Collections Recovery Fund (Item 5175-101-8004)..... -219,556,000

Provisions:

- 1. No funds appropriated in this item shall be encumbered unless every rule or regulation adopted and every child support services letter or similar instruction issued by the Department of Child Support Services that adds to the costs of the child support program is approved by the Department of Finance as to the availability of funds before it becomes effective. In making the determination as to availability of funds to meet the expenditures of a rule, regulation, or child support services letter that would increase the costs of the program, the Department of Finance shall consider the amount of the proposed increase on an annualized basis, the effect the change would have on the expenditure limitations for the program set forth in this act, the extent to which the rule, regulation, or child support services letter constitutes a deviation from the premises under which the expenditure limitations were prepared, and any additional factors relating to the fiscal integrity of the program or the state's fiscal situation.

Notwithstanding Section 28.00, the availability of funds contained in this item for child support

program rules, regulations, or child support services letters that add to program costs funded from the General Fund in excess of \$500,000 on an annual basis, including those that are the result of federal regulations but excluding those that are (a) specifically required as a result of the enactment of a federal or state law, or (b) included in the appropriation made by this act, shall not be approved by the Department of Finance sooner than 30 days after notification in writing of the necessity therefor to the chairpersons of the committees in each house that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairperson of the committee, or his or her designee, may in each instance determine. Funds appropriated in this item are for the child support program consisting of state and federal statutory law, regulations, and court decisions, if funds necessary to carry out those decisions are specifically appropriated in this act.

2. Notwithstanding any other provision of law, a loan not to exceed \$136,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share of costs of the program when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state or to cover the federal share of child support collections for which the federal funds have been reduced prior to the collections being received from the counties. This loan from the General Fund shall be repaid when the federal share of costs for the program becomes available or when the collections are received from the counties.
3. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5175-001-0001 in order to allow the state to perform the functions or oversee the functions of the local child support agency in the event a county fails to perform that function or is out of compliance with state performance standards.
4. It is the intent of the Legislature that the California Child Support Automation Project receive

the highest commitment and priority of all of the state's child support automation activities.

- 5. From the federal funds appropriated in Schedule (1)(b) 10.03-Child Support Automation, an amount not to exceed \$103,589,000 shall be available for expenditure or encumbrance until June 30, 2009. The Department of Finance shall provide notification to the Joint Legislative Budget Committee of the amount of the carryover within 10 working days from the date the amount of the carryover is determined.

5175-101-0890—For local assistance, Department of Child Support Services, for payment to Item 5175-101-0001, payable from the Federal Trust Fund..... 465,381,000
Provisions:

- 1. Provisions 1 and 5 of Item 5175-101-0001 also apply to this item.
- 2. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5175-001-0890 in order to allow the state to perform the functions or oversee the functions of the local child support agency in the event a county fails to perform that function or is out of compliance with state performance standards.
- 3. Notwithstanding Section 28.00 or any other provision of law, upon request of the Department of Child Support Services, the Department of Finance may increase or decrease the expenditure authority in this item to offset any increases or decreases in collections deposited in the Child Support Collections Recovery Fund and appropriated in Item 5175-101-8004. The Department of Finance shall provide notification of the adjustment to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval of the adjustment.

5175-101-8004—For local assistance, Department of Child Support Services, for payment to Item 5175-101-0001, payable from the Child Support Collections Recovery Fund..... 219,556,000
Provisions:

- 1. Notwithstanding any other provision of law, upon request by the Department of Child Support Services, the Director of Finance may increase or decrease this appropriation, for the

purposes of Section 17702.5 of the Family Code. Adjustments to expenditure authority shall be consistent with those made pursuant to Provision 3 of Item 5175-101-0890. The Department of Finance shall provide notification of the adjustment to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval of the adjustment.

5175-490—Reappropriation, Department of Child Support Services. The balances of the appropriations provided in the following citations are reappropriated and shall be available for encumbrance or expenditure upon written approval of the Department of Finance until June 30, 2008, for unanticipated costs occurring during the 2007–08 fiscal year associated with the California Child Support Automation System project, and may be expended upon written approval of the Department of Finance issued on or before June 30, 2008:

0001—General Fund

- (1) Item 5175-001-0001, Budget Act of 2004 (Ch. 208, Stats. 2004)
- (2) Item 5175-001-0001, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)
- (3) Item 5175-002-0001, Budget Act of 2004 (Ch. 208, Stats. 2004)
- (4) Item 5175-002-0001, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)
- (5) Item 5175-101-0001, Budget Act of 2004 (Ch. 208, Stats. 2004)
- (6) Item 5175-101-0001, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

0890—Federal Trust Fund

- (1) Item 5175-001-0890, Budget Act of 2004 (Ch. 208, Stats. 2004)
- (2) Item 5175-001-0890, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)
- (3) Item 5175-002-0890, Budget Act of 2004 (Ch. 208, Stats. 2004)
- (4) Item 5175-002-0890, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)
- (5) Item 5175-101-0890, Budget Act of 2004 (Ch. 208, Stats. 2004)
- (6) Item 5175-101-0890, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

Provisions:

1. Notwithstanding any other provision of law, upon request of the Department of Child Support Services, the Department of Finance may transfer any funding reappropriated in this item to Items 5175-001-0001, 5175-002-0001, and 5175-101-0001 of Section 2.00.
2. Notwithstanding any other provision of law, upon request of the Department of Child Support Services, the Department of Finance may transfer any funding reappropriated in this item to Items 5175-001-0890, 5175-002-0890, and 5175-101-0890 of Section 2.00.
3. Notwithstanding any other provision of law, any funding reappropriated in this item may be transferred from the Department of Child Support Services to the Franchise Tax Board, provided that the transfer shall take place no sooner than 30 days after notice is provided in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or no sooner than whatever lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.
4. \$49,702,000 is reappropriated and available for expenditure until June 30, 2008. No other expenditure or transfer authorized in this item may become effective sooner than 30 days after notice is provided in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or no sooner than whatever lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.

5180-001-0001—For support of Department of Social Services.....	102,904,000
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Schedule:

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|--|-------------|
| (1) 16-Welfare Programs..... | 65,268,000 |
| (2) 25-Social Services and Licensing..... | 161,486,000 |
| (3) 35-Disability Evaluation and Other Services..... | 253,685,000 |
| (4) 60.01-Administration..... | 45,685,000 |
| (5) 60.02-Distributed Administration..... | -45,685,000 |

(6) Reimbursements.....	-26,895,000
(7) Amount payable from Foster Family Home and Small Family Home Insurance Fund (Item 5180-001-0131).....	-2,263,000
(8) Amount payable from the Federal Trust Fund (Item 5180-001-0890).....	-347,576,000
(9) Amount payable from the Mental Health Services Fund (Item 5180-001-3085).....	-801,000

Provisions:

1. The Department of Finance may authorize the transfer of funds from Schedule (2) of this item to Schedule (1), Program 25.30, of Item 5180-151-0001, Children and Adult Services and Licensing, in order to allow counties to perform the facilities evaluation function.
2. The Department of Finance may authorize the transfer of funds from Schedule (2) of this item to Schedule (1), Program 25.30, of Item 5180-151-0001, Children and Adult Services and Licensing, in order to allow counties to perform the adoptions program function.
3. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
4. Notwithstanding paragraph (4) of subdivision (b) of Section 1778 of the Health and Safety Code, the State Department of Social Services may use no more than 20 percent of the fees collected pursuant to Chapter 10 (commencing with Section 1770) of Division 2 of the Health and Safety Code for overhead costs, facilities operation, and indirect department costs.
5. It is the intent of the Legislature to provide sufficient funding to ensure that electronic benefit transfer state administrative hearings are conducted to meet statutory timeframes. Notwithstanding the 30-day notice requirement set forth in subdivision (d) of Section 28.00, upon request

by the State Department of Social Services, the Department of Finance may augment expenditure authority in this item to fund increased costs associated with the state administrative hearing process at the time the request is made. Concurrent with the Department of Finance approval, written notification shall be provided to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.

6. Of the amount appropriated in this item, \$1,240,000 shall be available to support relocation efforts related to the renovation of the State Department of Social Services' headquarters (state-owned Office Buildings #8 and #9). These funds may be expended only to the extent that relocation costs materialize and are necessary to accommodate the Department of General Services' renovation project schedule.
7. The State Department of Social Services shall continue to convene periodic meetings throughout the year so that stakeholders may receive information and have the opportunity to provide input to the department regarding the quality assurance, program integrity, and the program consistency efforts in the In-Home Supportive Services program (Article 7 (commencing with Section 12300) of Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions Code). In addition, the department shall report during 2008 budget hearings on the impact of quality assurance regulations.
8. In addition to the amount appropriated in this item, the State Department of Social Services may spend up to \$1,475,000 to implement its Licensing Reform Automation proposal, subject to the following condition: The Community Care Licensing public Web site pages which display individualized licensing information about providers, shall display, in addition to existing information, any legal accusation filed by the department against a provider's license. These funds may not be expended until the State Department of Social Services notifies the Legislature of how they intend to display this new information.

5180-001-0131—For support of Department of Social Services, for payment to Item 5180-001-0001, for claim payments and the operation and maintenance of the Foster Family Home and Small Family Home Insurance Fund.....	2,263,000
Provisions:	
1. The Department of Finance is authorized to approve expenditures from the unexpended balance available from prior years' appropriations in the Foster Family Home and Small Family Home Insurance Fund during the 2007–08 fiscal year, in those amounts made necessary by increases in either the payment of claims or the costs of operating and maintaining the Foster Family Home and Small Family Home Insurance Fund, which are within or in excess of amounts appropriated in this act for that year.	
If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for the 2007–08 fiscal year, the department shall notify the Legislature. Upon notification, the amount of the appropriation made by this item shall be increased by the amount of such excess from the unexpended balance available from prior years' appropriations in the Foster Family Home and Small Family Home Insurance Fund.	
5180-001-0270—For support of Department of Social Services, payable from the Technical Assistance Fund.....	21,236,000
5180-001-0271—For support of Department of Social Services, payable from the Certification Fund.....	1,407,000
5180-001-0279—For support of Department of Social Services, payable from the Child Health and Safety Fund.....	3,060,000
5180-001-0803—For support of Department of Social Services, payable from the State Children's Trust Fund.....	331,000
5180-001-0890—For support of Department of Social Services, for payment to Item 5180-001-0001, payable from the Federal Trust Fund.....	347,576,000
Provisions:	
1. The Department of Finance may authorize the transfer of federal funds from this item to Item 5180-151-0890 in order to allow counties to perform the adoption program functions and the facilities evaluation function in the Community	

Care Licensing Division of the State Department of Social Services.

- 2. Provision 5 of Item 5180-001-0001 also applies to this item.
- 3. Of the amount appropriated in this item, \$715,000 shall be available to support relocation efforts related to the renovation of the State Department of Social Services' headquarters (state-owned Office Buildings #8 and #9). These funds may be expended only to the extent that relocation costs materialize and are necessary to accommodate the Department of General Services' renovation project schedule.
- 4. In addition to the amount appropriated in this item, the State Department of Social Services may spend up to \$157,000 from the Federal Trust Fund to implement its Licensing Reform Automation proposal, subject to the following condition: The Community Care Licensing public Web site pages that display individualized licensing information about providers shall display, in addition to existing information, any legal accusation filed by the department against a provider's license. These funds may not be expended until the State Department of Social Services notifies the Legislature of how they intend to display this new information.

5180-001-3085—For support of Department of Social Services, for payment to Item 5180-001-0001, payable from the Mental Health Services Fund..... 801,000
Provisions:

- 1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to subdivision (d) of Section 5892 of the Welfare and Institutions Code.

5180-011-0001—For transfer by the Controller to the Foster Family Home and Small Family Home Insurance Fund..... 1,267,000
Provisions:

- 1. Provision 1 of Item 5180-001-0131 also applies to this item.

5180-011-0279—For transfer by the Controller from the Child Health and Safety Fund to the State Children's Trust Fund..... 138,000

5180-011-0890—For transfer by the Controller from the Federal Trust Fund to the Foster Family Home and Small Family Home Insurance Fund..... 996,000

Provisions:

1. Provision 1 of Item 5180-001-0131 also applies to this item.

5180-101-0001—For local assistance, Department of Social Services..... 2,312,607,000
Schedule:

- (1) 16.30-CalWORKs..... 5,103,215,000
- (2) 16.65-Other Assistance Payments..... 1,324,322,000
- (3) Reimbursements..... -3,478,000
- (4) Amount payable from the Emergency Food Assistance Program Fund (Item 5180-101-0122)..... -473,000
- (5) Amount payable from the Employment Training Fund (Item 5180-101-0514)..... -35,000,000
- (6) Amount payable from the Federal Trust Fund (Item 5180-101-0890)..... -4,064,932,000
- (7) Amount payable from the Child Support Collections Recovery Fund (Item 5180-101-8004)..... -11,047,000

Provisions:

1. (a) No funds appropriated in this item shall be encumbered unless every rule or regulation adopted and every all-county letter issued by the State Department of Social Services that adds to the costs of any program is approved by the Department of Finance as to the availability of funds before it becomes effective. In making the determination as to availability of funds to meet the expenditures of a rule, regulation, or all-county letter that would increase the costs of a program, the Department of Finance shall consider the amount of the proposed increase on an annualized basis, the effect the change would have on the expenditure limitations for the program set forth in this act, the extent to which the rule, regulation, or all-county letter constitutes a deviation from the premises under which the expenditure limitations were prepared, and any additional factors

relating to the fiscal integrity of the program or the state's fiscal situation.

- (b) Notwithstanding Sections 28.00 and 28.50, the availability of funds contained in this item for rules, regulations, or all-county letters that add to program costs funded from the General Fund in excess of \$500,000 on an annual basis, including those that are the result of a federal regulation but excluding those that are (1) specifically required as a result of the enactment of a federal or state law or (2) included in the appropriation made by this act, shall not be approved by the Department of Finance sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.
2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$500,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share of costs of a program(s) when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. This loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available.
3. The Department of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund the costs of the administrative hearing process associated with changes in aid payments in the CalWORKs program.
4. (a) The Department of Finance is authorized to approve expenditures in those amounts made necessary by changes in either caseload or payments, or any rule or regulation adopted and any all-county letter issued as a result of the enactment of a federal or state law, the adoption of a federal regulation, or the following of a court decision, during the

2007–08 fiscal year that are within or in excess of amounts appropriated in this act for that year.

- (b) If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the appropriation made in this item shall be increased by the amount of the excess unless and until otherwise provided by law.
- 5. Nonfederal funds appropriated in this item which have been budgeted to meet the state’s Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
- 6. In the event of declared disaster and upon county request, the State Department of Social Services may act in the place of any county and assume direct responsibility for the administration of eligibility and grant determination. Upon recommendation of the Director of Social Services, the Department of Finance may authorize the transfer of funds from Items 5180-101-0001 and 5180-101-0890, to Items 5180-001-0001 and 5180-001-0890, for this purpose.
- 7. Pursuant to the Electronic Benefit Transfer (EBT) Act (Chapter 3 (commencing with Section 10065) of Part 1 of Division 9 of the Welfare and Institutions Code) and in accordance with the EBT System regulations (Manual of Policies and Procedures Section 16-401.15), in the event a county fails to reimburse the EBT contractor for settlement of EBT transactions made against the county’s cash assistance programs, the state is required to pay the contractor. The State Department of Social Services may use funds from this item to reimburse the EBT contractor for settlement on behalf of the county. The county shall be required to reimburse the department for county’s settlement via direct payment or administrative offset.

- 8. The Department of Finance is authorized to approve expenditures for the California Food Assistance Program in those amounts made necessary by changes in the Food Stamp Program Standard Utility Allowance, including those that result from midyear Standard Utility Allowance adjustments requested by the state. If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the appropriation made by this item shall be increased by the amount of the excess unless and until otherwise provided by law.
- 9. Upon request of the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and Institutions Code. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.
- 10. Up to \$4,445,000 appropriated in Program 16.65-Other Assistance Payments to reimburse California Emergency Foodlink and local food banks for disaster food assistance costs may be used for eligible disaster response costs incurred in either the 2006–07 or 2007–08 fiscal year, subject to approval by the Department of Finance.

5180-101-0122—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Emergency Food Assistance Program Fund..... 473,000

5180-101-0514—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Employment Training Fund..... 35,000,000

Provisions:

- 1. Pursuant to Section 1611.5 of the Unemployment Insurance Code, funds appropriated in this item are available for CalWORKs welfare-to-work activities.

5180-101-0890—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Federal Trust Fund..... 4,064,932,000
Provisions:

1. Provisions 1, 4, 6, 7, and 9 of Item 5180-101-0001 also apply to this item.
2. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0890 in order to fund the costs of the administrative hearing process associated with changes in aid payments in the CalWORKs program.
3. For the purpose of broadening access to federal Child and Adult Care Food Program benefits for low-income children in proprietary child care centers, the State Department of Social Services may transfer up to \$10,000,000 of the funds appropriated in this item for Program 16.30—CalWORKs, from the Temporary Assistance for Needy Families (TANF) block grant to the Social Services Block Grant (Title XX) pursuant to authorization in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). The Title XX funds shall be pooled with TANF funds appropriated in this item for CalWORKs Child Care. This transfer shall occur only if the Director of Finance approves the pooling of Title XX funds with Child Care and Development Fund or TANF funds, or both.
4. Upon request of the State Department of Social Services, the Director of Finance may increase or decrease the expenditure authority in this item to offset any increases or decreases in collections deposited in the Child Support Collections Recovery Fund and appropriated in Item 5180-101-8004. The Department of Finance shall provide notification of the adjustment to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval of the adjustment.

5180-101-8004—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Child Support Collections Recovery Fund..... 11,047,000
Provisions:

1. Notwithstanding any other provision of law, upon request by the State Department of Social

Services, the Department of Finance may increase or decrease this appropriation, for the purposes of Section 17702.5 of the Family Code. Adjustments to expenditure authority shall be consistent with those made pursuant to Provision 4 of Item 5180-101-0890. The Department of Finance shall provide notification of the adjustment to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval of the adjustment.

5180-111-0001—For local assistance, Department of Social Services..... 5,344,302,000
Schedule:

- (1) 16.70-SSI/SSP..... 3,773,094,000
- (2) 25.15-IHSS..... 4,594,594,000
- (3) 25.20-Recipient Supplementary Payment..... 34,291,000
- (4) Reimbursements..... -3,057,677,000

Provisions:

- 1. Provisions 1 and 4 of Item 5180-101-0001 also apply to this item.
- 2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$225,000,000 shall be made available from the General Fund from funds not otherwise appropriated, to cover the federal share or reimbursable share, or both, of costs of a program or programs when the federal funds or reimbursements (from the Health Care Deposit Fund or counties) have not been received by this state prior to the usual time for transmitting payments for the federal or reimbursable share of costs for this state. That loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available, or in the case of reimbursements, subject to Section 16351 of the Government Code. County reimbursements also shall be subject to Section 16314 of the Government Code, which specifies the rate of interest. The department may offset a county's share of cost of the In-Home Supportive Services (IHSS) program against local assistance payments made to the county if the county fails to reimburse its share of cost of the IHSS program to the state.

3. The State Department of Social Services shall provide technical assistance to counties to ensure that they maximize the receipt of federal funds for the In-Home Supportive Services (IHSS) program, without compromising the quality of the services provided to IHSS recipients.
4. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund increased costs due to workload associated with the retroactive reimbursement of Medi-Cal services for the In-Home Supportive Services program to comply with the Conlan v. Shewry court decision. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision and the number of positions to be established by the State Department of Social Services. The transfer shall be authorized at the time the report is made. The State Department of Social Services shall review the workload associated with the Conlan v. Shewry decision during the 2007–08 fiscal year and may administratively establish positions as the workload requires.
5. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund the cost of the administrative hearing process associated with changes in aid or service payments in the In-Home Supportive Services program. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.
6. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund additional planning and implementation workload associated with the Case Management Information and Payrolling System II (CMIPS II). The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision and the number of positions to be established by the State Department of Social Services. The transfer shall be authorized at the time the report is made. The State Department of Social Services shall review workload associated

with CMIPS II and may administratively establish positions to address this workload once contract negotiations are complete.

5180-141-0001—For local assistance, Department of Social Services..... 441,428,000
Schedule:

- (1) 16.75-County Administration and Automation Projects..... 1,103,067,000
- (2) Reimbursements..... -57,871,000
- (3) Amount payable from the Federal Trust Fund (Item 5180-141-0890)..... -603,768,000

Provisions:

1. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$127,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share of costs of a program when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. This loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available.
2. In the event of declared disaster and upon county request, the State Department of Social Services may act in the place of any county and assume direct responsibility for the administration of eligibility and grant determination. Upon recommendation of the Director of Social Services, the Department of Finance may authorize the transfer of funds from Items 5180-141-0001 and 5180-141-0890, to Items 5180-001-0001 and 5180-001-0890, for this purpose.
3. Provision 1 of Item 5180-101-0001 also applies to this item.
4. Pursuant to public assistance caseload estimates reflected in the annual Governor’s Budget, the Department of Finance may approve expenditures in those amounts made necessary by changes in caseload that are in excess of amounts appropriated in this act. If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made,

the amount of the appropriation made by this item shall be increased by the amount of the excess unless and until otherwise provided by law.

5. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
6. Section 11.00 shall apply to contracts entered into for the development and implementation of the Consortium IV, Interim Statewide Automated Welfare System, Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting, and Welfare Client Data Systems consortia of the Statewide Automated Welfare System.
7. It is the intent of the Legislature that testing of the interface between the Statewide Automated Welfare System (SAWS) and the California Child Support Automation System be considered a high priority by the SAWS consortia, county welfare departments, the State Department of Social Services, the Office of Systems Integration, the Department of Child Support Services, the Franchise Tax Board, and local child support agencies. These entities shall make every effort to complete the interface testing as soon as possible. Resources may be redirected for this purpose, if necessary.
8. Upon request of the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and Institutions Code. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.
9. Of the funds appropriated in this item, \$3,664,000 is for automation changes in the four

Statewide Automated Welfare System consortia for the purpose of implementing a semiannual reporting system. These funds may not be expended unless all of the following conditions are met: (a) the Legislature enacts a program of semiannual reporting for the CalWORKs, Food Stamp, and California Food Assistance programs, (b) related automation project documents, as required by the State Administrative Manual, are approved by the Department of Finance, and (c) the Department of Finance notifies the Legislature of such approval.

5180-141-0890—For local assistance, Department of Social Services, for payment to Item 5180-141-0001, payable from the Federal Trust Fund..... 603,768,000
Provisions:

1. Provisions 2, 3, 4, 6, 7, and 8 of Item 5180-141-0001 also apply to this item.
2. Of the funds appropriated in this item, \$13,487,000 is for automation changes in the four Statewide Automated Welfare System consortia for the purpose of implementing a semiannual reporting system. These funds may not be expended unless all of the following conditions are met: (a) the Legislature enacts a program of semiannual reporting for the CalWORKs, Food Stamp, and California Food Assistance programs, (b) related automation project documents, as required by the State Administrative Manual, are approved by the Department of Finance, and (c) the Department of Finance notifies the Legislature of such approval.

5180-151-0001—For local assistance, Department of Social Services..... 766,589,000
Schedule:

- (1) 25.30-Children and Adult Services and Licensing..... 2,087,314,000
- (2) 25.35-Special Programs..... 24,207,000
- (3) Reimbursements..... -115,875,000
- (4) Amount payable from the Child Health and Safety Fund (Item 5180-151-0279)..... -1,245,000
- (5) Amount payable from the State Children’s Trust Fund (Item 5180-151-0803)..... -3,755,000

- (6) Amount payable from the Federal Trust Fund (Item 5180-151-0890)..... -1,222,557,000
- (7) Amount payable from the Child Welfare Services Program Improvement Fund (Item 5180-151-8023).... -1,500,000

Provisions:

- 1. Provision 1 of Item 5180-101-0001 also applies to this item.
- 2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$50,000,000 shall be made available from the General Fund from funds not otherwise appropriated, to cover the federal share of costs of a program when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. That loan from the General Fund shall be repaid when the federal share of costs for the program becomes available.
- 3. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5180-001-0001, in order to allow the state to perform the facilities evaluation function of Community Care Licensing in the event the counties fail to perform that function.
- 4. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
- 5. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5180-001-0001, in order to allow the state to perform the adoptions function in the event that a county notifies the State Department of Social Services that it intends to cease performing that function.
- 6. (a) Of the amount appropriated in this item, \$189,957,000 shall be provided to counties to fund additional child welfare services ac-

tivities and shall be allocated based on child welfare services caseload and county unit costs. However, no county shall receive less than \$100,000. These funds shall be expressly targeted for emergency response, family reunification, family maintenance, and permanent placement services and shall be used to supplement, and shall not be used to supplant, child welfare services funds. A county is not required to provide a match of the funds received pursuant to this provision if the county appropriates the required full match for the county's child welfare services program exclusive of the funds received pursuant to this provision. These funds are available only to counties that have certified that they are fully utilizing the Child Welfare Services/Case Management System (CWS/CMS) or have entered into an agreed-upon plan with the State Department of Social Services outlining the steps that will be taken to achieve full utilization. The department shall reallocate any funds that counties choose not to accept under this provision, to other counties based on the allocation formula specified in this provision.

- (b) The department, in collaboration with the County Welfare Directors Association and representatives from labor groups representing social workers, shall develop the definition of full utilization of the CWS/CMS, the method for measuring full utilization, the process for the state and counties to work together to move counties toward full utilization, and measurements of progress toward full utilization.
7. The State Department of Social Services shall consult with the counties, children's advocates, and current and former foster youth in the development and implementation of permanency and youth services initiatives.
 8. Upon request by the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Sec-

tion 18260 of the Welfare and Institutions Code.
The Department of Finance shall report to the
Legislature the amount to be transferred pursuant
to this provision. The transfer shall be authorized
at the time the report is made.

5180-151-0279—For local assistance, Department of
Social Services, for payment to Item 5180-151-0001,
payable from the Child Health and Safety Fund..... 1,245,000

5180-151-0803—For local assistance, Department of
Social Services, payable from the State Children’s
Trust Fund..... 3,755,000

5180-151-0890—For local assistance, Department of
Social Services, for payment to Item 5180-151-
0001, payable from the Federal Trust Fund..... 1,222,557,000
Provisions:

- 1. Provisions 1, 3, 5, 6, and 8 of Item 5180-151-
0001 also apply to this item.

5180-151-8023—For local assistance, Department of
Social Services, payable from the Child Welfare
Services Program Improvement Fund..... 1,500,000
Provisions:

- 1. Notwithstanding any other provision of law,
upon request by the Department of Social Ser-
vices, the Department of Finance may increase
or decrease the expenditure authority in this
item, for the purposes of Section 16524 of the
Welfare and Institutions Code, no sooner than
30 days after notification in writing, is provided
to the Chairperson of the Joint Legislative Bud-
get Committee and the chairperson of the com-
mittee in each house of the Legislature that
considers appropriations, unless the Chairperson
of the Joint Legislative Budget Committee, or
his or her designee, imposes a lesser time.

5180-153-0001—For local assistance, Department of
Social Services..... 286,621,000
Schedule:

- (1) 26-Title IV-E Waiver..... 750,936,000
- (2) Amount payable from the Federal
Trust Fund (Item 5180-153-
0890)..... -464,315,000

- Provisions:
- 1. Upon request by the Department of Finance, the
Controller shall transfer funds between this item
and Items 5180-101-0001, 5180-141-0001, and
5180-151-0001 as needed to reflect the estimated
expenditure amounts for each county that opts

into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and Institutions Code. In addition, funds appropriated in this item may also be transferred to Item 5180-151-0001 for the Child Welfare Services Outcome Improvement Project. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer is authorized at the time the report is made.

2. Commencing July 1, 2007, the State Department of Social Services shall collaborate with the California Welfare Directors Association, the welfare directors of the counties participating in the Title IV-E Child Welfare Waiver Demonstration Project, and other stakeholders to develop the timeline, components, and execution of the evaluation of the Waiver Demonstration Project required pursuant to the terms and conditions of the waiver.

5180-153-0890—For local assistance, Department of Social Services, for payment to Item 5180-153-0001, payable from the Federal Trust Fund..... 464,315,000
Provisions:

1. Upon request by the Department of Finance, the Controller shall transfer funds between this item and Items 5180-101-0890, 5180-141-0890, and 5180-151-0890 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and Institutions Code. In addition, funds appropriated in this item may also be transferred to Item 5180-151-0890 for the Child Welfare Services Outcome Improvement Project. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.

5180-402—Upon request from the State Department of Education, and upon approval by the Director of Finance, the State Department of Social Services is authorized to transfer up to \$10,000,000 from the federal Temporary Assistance for Needy Families (TANF) block grant to the Social Services Block Grant (Title XX) pursuant to authorization in the federal Personal Responsibility and Work Opportu-

nity Reconciliation Act of 1996 (P.L. 104-193). These funds shall be provided to the State Department of Education, to be pooled with moneys in the Child Care and Development Fund, TANF, or both, for the purpose of broadening access to federal Child and Adult Care Food Program benefits for low-income children in proprietary child care centers. In the event Title XX funds are provided to the State Department of Education pursuant to this provision, the State Department of Education shall comply with all Title XX regulations and reporting requirements. The Department of Finance shall provide written notification to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee at the time of the transfer.

5180-403—The Director of Finance is authorized to approve transfers not to exceed \$139,507,000 from the federal Temporary Assistance for Needy Families (TANF) block grant to and in augmentation of any program for which TANF funds have been appropriated in this act or for Stage 2 child care, only if the request: (1) meets all of the conditions set forth in Section 28.00, or (2) is consistent with Provision 4 of Item 5180-101-0001. Any transfers pursuant to this item shall require the respective legislative notification procedures set forth in Section 28.00 or Provision 4 of Item 5180-101-0001, whichever is applicable.

5180-491—Reappropriation, Department of Social Services. Notwithstanding any other provision of law, the balances of the funds for the appropriations provided in the following citations are reappropriated for expenditure pursuant to Provision 1 and are available for encumbrance or expenditure until June 30, 2008:

0001—General Fund

- (1) Item 5180-111-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
- (2) Item 5180-141-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
- (3) Item 5180-151-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

0890—Federal Trust Fund

- (1) Item 5180-141-0890, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

- (2) Item 5180-151-0890, Budget Act of 2006
(Chs. 47 and 48, Stats. 2006)

Provisions:

1. It is the intent of this item to continue funding approved activities for the automation projects that, due to schedule changes, result in unexpended appropriations one year and the need for additional funding in the following year. Therefore, notwithstanding any other provision of law, the balance of the appropriations for these automation projects may, upon approval of the Department of Finance, be reappropriated for transfer to and in augmentation of the corresponding items in this act. The funds reappropriated by this provision shall be made available consistent with the amount approved by the Department of Finance based on an approved special project report or equivalent document not sooner than 30 days after providing notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

5180-492—Reappropriation, Department of Social Services. The amounts specified in the following citations are reappropriated for encumbrance or expenditure pursuant to Provision 1 and shall be available until June 30, 2008:

0890—Federal Trust Fund

- (1) \$56,000,000 in Item 5180-101-0890, Budget Act of 2002 (Ch. 379, Stats. 2002)

Provisions:

1. Funds for CalWORKs performance incentives allocated to counties in accordance with Section 10544.2 of the Welfare and Institutions Code, but unexpended as of June 30, 2007, shall be reappropriated for transfer to and in augmentation of Item 5180-101-0890.

5180-493—Reappropriation, Department of Social Services. The balances of the appropriations provided for in the following citations are reappropriated pursuant to Provision 1 and are available for encumbrance or expenditure until June 30, 2008:

0890—Federal Trust Fund

- (1) Item 5180-101-0890, Budget Act of 2002 (Ch. 379, Stats. 2002)
(2) Item 5180-101-0890, Budget Act of 2003 (Ch. 157, Stats. 2003)

- (3) Item 5180-101-0890, Budget Act of 2004 (Ch. 208, Stats. 2004)
- (4) Item 5180-101-0890, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

Provisions:

- 1. Funds for fraud recovery incentive payments earned by counties in accordance with subdivision (j) of Section 11486 of the Welfare and Institutions Code, but unexpended as of June 30, 2007, shall be reappropriated for transfer to and in augmentation of Item 5180-101-0890 of Section 2.00.

CORRECTIONS AND REHABILITATION

5225-001-0001—For support of Department of Corrections and Rehabilitation..... 6,980,353,000
Schedule:

- (1) 10-Corrections and Rehabilitation Administration..... 376,992,000
- (3) 15-Corrections Standards Authority..... 11,779,000
- (4) 20-Juvenile Operations..... 183,097,300
- (5) 21-Juvenile Education, Vocations, and Offender Programs..... 143,930,150
- (6) 22-Juvenile Paroles..... 33,940,000
- (7) 23-Juvenile Health Care..... 115,945,550
- (8) 25-Adult Corrections and Rehabilitation Operations..... 4,904,883,000
- (9) 30-Parole Operations—Adult..... 792,883,000
- (10) 35-Board of Parole Hearings..... 110,782,000
- (11) 40-Community Partnerships..... 12,297,000
- (12) 45-Education, Vocations and Offender Programs—Adult..... 463,618,000
- (13) Reimbursements..... -94,598,000
- (14) Amount payable from the Corrections Training Fund (Item 5225-001-0170)..... -2,626,000
- (15) Amount payable from the Federal Trust Fund (Item 5225-001-0890)..... -5,883,000
- (16) Amount payable from the Inmate Welfare Fund (Item 5225-001-0917)..... -66,687,000

Provisions:

1. Any funds recovered as a result of audits of locally operated return-to-custody centers shall revert to the General Fund.
2. When contracting with counties for vacant jail beds for any inmate under the jurisdiction of the Secretary of the Department of Corrections and Rehabilitation, the department shall not reimburse counties more than the average amount it costs the state to provide the same services in comparable state institutions. This restriction shall not apply to any existing contract, but shall apply to the extension or renewal of that contract. In addition, the total operational cost of incarcerating state inmates in leased county jail beds (which includes state costs, but is exclusive of one-time and capital outlay costs) shall not exceed the department's average cost for operating comparable institutions.
3. Notwithstanding any other provision of law, but subject to providing 30 days' prior notification to the Joint Legislative Budget Committee, funds appropriated in Schedule (7) or (8), or both, may be transferred to Item 5225-101-0001, Schedule (7), upon order of the Director of Finance, to provide funds for the reimbursement of counties for the cost of holding parole violators in local jail.
4. Not later than 60 days following enactment of this act, and subsequently on February 10 and upon release of the May Revision, the Secretary of the Department of Corrections and Rehabilitation shall submit to the Director of Finance the Post Assignment Schedule for each adult institution, reconciled to budgeted authority and consistent with approved programs, along with allotments consistent with the reconciled Post Assignment Schedule for each adult institution.
5. Not later than February 17, 2008, the Secretary of the Department of Corrections and Rehabilitation shall submit to the chairpersons and vice chairpersons of the committees in both houses of the Legislature that consider the State Budget and to the Legislative Analyst's Office an operating budget for each of the correctional facilities under the control of the department. Specifically, the report shall include: (a) yearend expenditures

by program for each institution in the 2006–07 fiscal year, (b) allotments and projected expenditures by program for each institution in the 2007–08 fiscal year, (c) the number of authorized and vacant positions, estimated overtime budget, estimated benefits budget, and operating expense and equipment budget for each institution, and (d) a list of all capital outlay projects occurring or projected to occur during the 2007–08 fiscal year.

6. Funds appropriated to accommodate projected adult institutional and parolee population levels in excess of those that actually materialize, if any, shall revert to the General Fund.
7. Of the amount appropriated in this item, \$118,466,000 is available for the Consolidated Information Technology Infrastructure Project. Upon determination of the project costs that can be financed using GS \$mart, any balance in excess of the amounts needed for 2007–08 payments shall revert to the General Fund upon order of the Director of Finance. Up to \$86,045,000 may be reverted.
8. Of the funds appropriated in this item, \$63,377,000 is provided for the purpose of funding a 2.7-percent price increase for the Department of Corrections and Rehabilitation. Of that amount, the department shall provide a 2.7-percent price increase to the public community correctional facilities under contract with the Department of Corrections and Rehabilitation based on the variable costs and personal services contract amounts. To the extent that an executive order issued pursuant to Section 4.04 reduces the amount of the department’s price increase, the department may reduce the amount provided to community correctional facilities by a percentage equivalent to the amount of the overall reduction.
9. The Department of Corrections and Rehabilitation (DCR) shall consult with legislative staff and the Department of Finance (DOF) to define what is and is not allowable in the annual population budget requests, and to reformat the document to make it more transparent to ensure appropriate legislative oversight. The DCR and the DOF shall present an example of the re-

formed population document to the Legislature prior to the time for deliberations on the Governor's Budget for the 2008–09 fiscal year.

10. In implementing the Consolidated Information Technology Infrastructure Project (CITIP), the department shall, when possible, give first priority to data drops for business services and rehabilitative programming. Of the funds appropriated in this item, \$4,408,000 may not be expended sooner than 30 days after the department provides a report to the Joint Legislative Budget Committee certifying that CITIP design and engineering work has been completed at 12 institutions. This report shall also identify the revised cost estimates to implement the CITIP at these 12 institutions as compared to the original estimated costs. The report shall also identify the reasons for any differences between the original and revised estimates.
11. The department may submit a staffing plan to improve retention of staff engaged in background checks of peace officer candidates. Any such plan shall not include sworn peace officers. Written notification of this plan shall be submitted to the Joint Legislative Budget Committee no later than 30 days prior to the date upon which the department intends to implement the plan.
12. The department shall study the programmatic and fiscal feasibility of providing for rehabilitation information and tracking functionality within the Strategic Offender Management System (SOMS) by either including these requirements as optional in the SOMS Request for Proposal or by including these requirements in the design of a separate system that will communicate and be used in collaboration with SOMS once both systems have been implemented. Additionally, the department shall study the programmatic and fiscal implications of building SOMS to most easily integrate with the systems being implemented by the receiver in the Plata litigation as opposed to building SOMS with differing parameters but much higher future system integration costs. The department shall, in all future cost estimates, include a section detailing future system integration costs, justify-

- ing the proposed system design with respect to future integration costs, and specifying why alternate system implementation options with lower future integration costs are unsuitable for system design.
13. Of the funds appropriated in this item, \$600,000 is allocated to the State Commission on Juvenile Justice, pursuant to Section 1798.5 of the Welfare and Institutions Code, to develop a Juvenile Justice Operational Master Plan. The commission shall use a portion of these moneys to contract with a national expert or national experts from the Farrell expert panel to develop this plan in conjunction with local government. This plan shall also address facility and infrastructure issues throughout the juvenile justice continuum.
 16. Of the funds appropriated in this item, \$698,514,000 is available for expenditure only for the purposes identified below. Any unexpended funds shall revert to the General Fund.
 - (a) Facility Maintenance Funding: \$46,000,000
 - (b) Coleman v. Schwarzenegger, Administrative Segregation Unit Mental Health Cells Modification: \$3,550,000
 - (c) Coleman v. Schwarzenegger, Administrative Segregation Intake Cells: \$13,203,000
 - (d) Coleman v. Schwarzenegger, Salary Enhancements: \$13,108,000
 - (e) Plata v. Schwarzenegger: Salary Enhancements: \$1,521,000
 - (f) Coleman v. Schwarzenegger, CMF Acute Cells Modification: \$1,075,000
 - (g) Coleman v. Schwarzenegger: Reception Center Enhanced Outpatient Program: \$2,916,000
 - (h) Perez v. Tilton, Comprehensive Inmate Dental Services Program: \$8,477,000
 - (i) Farrell v. Tilton, Safety and Welfare Remedial Plan: \$66,747,000
 - (j) Farrell v. Tilton, Mental Health Remedial Plan: \$25,145,000
 - (k) Implementation of Revised Program Guide for Mental Health Services Delivery System (Ch. 511, Stats. 2006): \$8,706,000
 - (l) Sex Offender Management Funding: \$113,327,000

- (m) Reducing Recidivism Strategies:
\$90,136,000
 - (1) The department is authorized to make changes to the Reducing Recidivism Strategies supported by this subdivision not sooner than 15 days after notifying the fiscal committees of both houses of the Legislature of any proposed changes.
 - (n) Basic Correctional Officer Academy:
\$61,105,000
 - (o) Records Staffing and Automation:
\$7,759,000
 - (p) Garrison Johnson v. California, Racial Integration: \$1,214,000
 - (q) Coleman v. Schwarzenegger, Court Order Compliance: \$2,325,000
 - (r) Comprehensive Health Care Recruitment: \$3,928,000
 - (s) Life Prisoner Parole Hearing Staffing:
\$6,646,000
 - (t) Farrell v. Tilton Healthcare Remedial Plan: \$9,064,000
 - (u) Farrell v. Tilton, Consent Decree:
\$1,327,000
 - (v) Strategic Offender Management System:
\$3,611,000
 - (w) Consolidated Information Technology Infrastructure project: \$118,466,000
 - (x) Teacher Pay Parity: \$13,868,000
 - (y) Equipment Funding: \$4,332,000
 - (z) Mandatory Aftercare/Drug Treatment Furlough: \$65,615,000
 - (aa) Valdivia Case Records: \$3,344,000
 - (bb) Perez v. Tilton, Salary Enhancements:
\$1,999,000
17. Of the amount appropriated in Schedule (8), \$2,372,000 is for administrative support related to projects authorized by Chapter 7 of the Statutes of 2007. Any funds not expended for this purpose by June 30, 2008, shall revert to the General Fund. To the extent that workload performed is directly related to the projects, the Department of Corrections and Rehabilitation shall maximize available project funds by billing those activities to the projects themselves in lieu of the General Fund.

18. The Department of Corrections and Rehabilitation shall reestablish the Program Support Unit under the Chief Deputy Secretary for Adult Operations to review custody staffing proposals.
19. No later than January 10, 2008, the Department of Corrections and Rehabilitation shall submit to the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in both houses of the Legislature a plan for staffing and organizational changes in the Office of Facilities Management (OFM) and other department offices to successfully deliver its capital outlay projects, including those authorized by Chapter 7 of the Statutes of 2007. This plan shall include (a) a description of and reasons for any organizational changes made or planned during the 2007–08 fiscal year and subsequent years consistent with the department’s Master Plan, (b) a revised organizational chart for OFM, (c) an identification of the number and classification of positions within each subsection of OFM after any reorganization of OFM, (d) a comparison of the number and costs of positions in OFM by classification prior to and after any reorganization of OFM, (e) a vacancy report for OFM positions at the most recent point in time available, and (f) a hiring plan to fill OFM positions currently vacant or newly established under any reorganization.

5225-001-0170—For support of Department of Corrections and Rehabilitation, for payment to Item 5225-001-0001, payable from the Corrections Training Fund.....	2,626,000
5225-001-0890—For support of Department of Corrections and Rehabilitation, for payment to Item 5225-001-0001, payable from the Federal Trust Fund....	5,883,000
5225-001-0917—For support of Department of Corrections and Rehabilitation, for payment to Item 5225-001-0001, payable from the Inmate Welfare Fund....	66,687,000
5225-002-0001—For support of Department of Corrections and Rehabilitation.....	2,126,132,000
Schedule:	
(1) 10-Corrections and Rehabilitation Administration.....	7,185,000
(1.5) 25-Adult Corrections and Rehabilitation operations.....	65,506,000

(4) 50-Correctional Health Care Services.....	1,000
(4.1) 50.10-Medical Services—Adult.....	1,303,801,000
(4.2) 50.20-Dental Services—Adult....	103,292,000
(4.3) 50.30-Mental Health Services—Adult.....	303,093,000
(4.4) 50.40-Ancillary Health Care Services—Adult.....	161,120,000
(4.5) 50.50-Dental and Mental Health Services Administration—Adult....	59,283,000
(5) 97-Unallocated.....	125,000,000
(6) Reimbursements.....	-2,149,000

Provisions:

1. On February 14, 2006, the United States District Court in the case of *Plata v. Schwarzenegger* (No. C01-1351 THE) suspended the exercise by the Secretary of the Department of Corrections and Rehabilitation of all powers related to the administration, control, management, operation, and financing of the California prison medical health care system. The court ordered that all such powers vested in the Secretary of the Department of Corrections and Rehabilitation were to be performed by a receiver appointed by the court commencing April 17, 2006, until further order of the court. The Director of the Division of Correctional Health Care Services of the Department of Corrections and Rehabilitation is to administer this item to the extent directed by the receiver.
2. Notwithstanding any other provision of law, the amount available for expenditure in Schedule (5) is for the purpose of funding costs for the Department of Corrections and Rehabilitation, including the operations of the Office of the California Prison Receivership, and any other state agency or department that is involved in the provision of health care to California inmates, including the costs of capital projects, resulting either from actions by the receiver or the court in *Plata v. Schwarzenegger* or cross-jurisdictional issues where the *Plata v. Schwarzenegger*, *Coleman v. Schwarzenegger*, and *Perez v. Tilton* courts agree that a coordinated approach is the most appropriate solution to the programmatic issues that the three courts are

facing. The Secretary of the Department of Corrections and Rehabilitation shall be consulted on any project that helps the state comply with both the Coleman and Perez lawsuits. Up to \$25,000,000 of the amount appropriated in Schedule (5) may be used for cross-jurisdictional issues facing the Plata, Coleman, and Perez courts. From any amount available in Schedule (5), the Director of Finance may authorize the transfer of funds from Schedule (5) for the purpose of augmenting the amount available for expenditure in any other schedule in this item, or any other appropriation in this section to a department or agency that is involved in the provision of health care to California inmates. The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house of the Legislature no later than 10 days after the effective date of the transfer. The notification to the Legislature shall include information regarding the purpose of the expenditures and the expected outcome of those expenditures.

3. Notwithstanding any other provision of law, the Department of Corrections and Rehabilitation is not required to competitively bid for health services contracts in cases where contracting experience or history indicates that only one qualified bid will be received.
4. Notwithstanding Section 13324 of the Government Code or Section 32.00 of this act, no state employee shall be held personally liable for any expenditure or the creation of any indebtedness in excess of the amounts appropriated therefor as a result of complying with the directions of the receiver or orders of the United States District court in *Plata v. Schwarzenegger*.
5. The Department of Finance shall immediately notify the Joint Legislative Budget Committee and the fiscal committees in each house of the Legislature when expenditures pursuant to Provision 2 are occurring at a rate that would exhaust the level of funding in Schedule (5) prior to the end of the fiscal year.
6. Any funds in Schedule (5) that are not expended by June 30, 2008, shall revert to the General Fund.

- 8. The amounts appropriated in Schedules (4.1) and (4.4) are available for expenditure by the receiver appointed by the Plata v. Schwarzenegger court to carry out its mission to deliver constitutionally adequate medical care to inmates.
- 9. The amounts appropriated in Schedules (4.2), (4.3) and (4.5) are available for expenditure by the Department of Corrections and Rehabilitation to provide mental health and dental services only.
- 22. Of the funds appropriated in this item, \$178,864,000 is available for expenditure only for the purposes identified below. Any unexpended funds shall revert to the General Fund.
 - (a) Coleman v. Schwarzenegger, Salary enhancements..... 37,461,000
 - (b) Perez v. Tilton, Comprehensive Inmate Dental Services Program..... 14,040,000
 - (c) Perez v. Tilton, Salary enhancements..... 54,742,000
 - (d) Plata v. Schwarzenegger, Pay Enhancements..... 29,630,000
 - (e) Coleman v. Schwarzenegger, Reception Center Enhanced Outpatient Program..... 2,211,000
 - (f) Implementation of Revised Program Guide for Mental Health Services Delivery System (Ch. 511, Stats. 2006)..... 31,540,000
 - (g) Hiring Plan for Dental and Mental Health..... 1,520,000
 - (h) California Medical Facility Mental Health Crisis Bed Unit Staffing..... 7,720,000
- 5225-003-0001—For support of Department of Corrections and Rehabilitation, for rental payments on lease-revenue bonds..... 248,464,000
- Schedule:
 - (1) Base Rental and Fees..... 246,811,000
 - (2) Insurance..... 1,666,000
 - (3) Reimbursements..... -13,000
- Provisions:
 - 1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The

schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.

2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

5225-004-0001—For support of Department of Corrections and Rehabilitation.....	530,000
Schedule:	
(1) 15-Corrections Standards Authority.....	1,484,000
(2) Reimbursements.....	-10,000
(3) Amount payable from the Federal Trust Fund (Item 5225-004-0890)....	-944,000
5225-004-0890—For support of Department of Corrections and Rehabilitation, for payment to Item 5225-004-0001, payable from the Federal Trust Fund.....	944,000
5225-011-0001—For support of Department of Corrections and Rehabilitation (Proposition 98).....	58,329,000
Schedule:	
(1) 21-Juvenile Education, Vocations and Offender Programs.....	58,329,000
5225-101-0001—For local assistance, Department of Corrections and Rehabilitation.....	317,064,000
Schedule:	
(1) 15-Corrections Standards Authority.....	222,250,000
(2) 20-Juvenile Operations.....	78,000
(3) 22-Juvenile Paroles.....	1,403,000
(4) 25.15.010-Adult Corrections and Rehabilitation Operations—Transportation of Inmates.....	278,000
(5) 25.15.020-Adult Corrections and Rehabilitation Operations—Return of Fugitives.....	5,066,000
(6) 25.30-Adult Corrections and Rehabilitation Operations—County Charges.....	19,672,000
(7) 30-Parole Operations—Adult.....	53,417,000
(8) 60.01-County Juvenile Justice Planning Grants.....	4,900,000
(9) 60.02-County Juvenile Justice Competitive Grants.....	10,000,000

Provisions:

1. The amount appropriated in Schedules (4), (5), (6), and (7) is provided for the following purposes:
 - (a) To pay the transportation costs of prisoners to and between state prisons, including the return of parole violators to prison and for the conveying of persons under provisions of Division 3 (commencing with Section 3000) of the Welfare and Institutions Code and the Western Interstate Corrections Compact (Section 11190 of the Penal Code), in accordance with Section 26749 of the Government Code. Claims filed by local jurisdictions shall be filed within six months after the end of the month in which those transportation costs are incurred. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.
 - (b) To pay the expenses of returning fugitives from justice from outside the state, in accordance with Sections 1389, 1549, and 1557 of the Penal Code. Claims filed by local jurisdictions shall be filed within six months after the end of the month in which expenses are incurred. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller, and any restitution received by the state for those expenses shall be credited to the appropriation of the year in which the Controller's receipt is issued. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.
 - (c) To pay county charges, payable under Sections 4700.1, 4750 to 4755, inclusive, and 6005 of the Penal Code. Claims shall be filed by local jurisdictions within six months after the end of the month in which a service is performed by the coroner, a hearing is held on the return of a writ of habeas corpus, the district attorney declines to prosecute a

- case referred by the Department of Corrections and Rehabilitation, a judgment is rendered for a court hearing or trial, an appeal ruling is rendered for the trial judgment, or an activity is performed as permitted by these sections. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.
- (d) To reimburse counties for the cost of detaining state parolees pursuant to Section 4016.5 of the Penal Code. Claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred. Claims filed by local jurisdictions may not include booking fees, may not recover detention costs in excess of \$77.17 per day, and shall be limited to the detention costs for those days on which parolees are held subject only to a Department of Corrections and Rehabilitation request pursuant to subdivision (b) of Section 4016.5 of the Penal Code. Expenditures shall be charged to either the fiscal year in which the claim is received by the Department of Corrections and Rehabilitation or the fiscal year in which the warrant is issued.
2. Notwithstanding any other provision of law, upon 30-day prior notification to the Chairperson of the Joint Legislative Budget Committee, funds appropriated in Schedule (7) of this item may be transferred to Schedule (7) or (8), or both, of Item 5225-001-0001, upon order of the Director of Finance, to provide funds for the reimbursement of counties for the cost of holding parole violators in local jails or for the auditing or monitoring of local assistance costs.
 4. The amounts appropriated in Schedules (2) and (3) are provided for the following purposes:
 - (a) To pay the transportation costs of persons committed to the Department of Corrections and Rehabilitation to or between its facilities, including the return of parole violators, provided that expenditures made under this

item shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. However, claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred.

- (b) To reimburse counties, pursuant to Section 1776 of the Welfare and Institutions Code, for the cost of the detention of the Department of Corrections and Rehabilitation parolees who are detained on alleged parole violations, provided that expenditures made under this item shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. However, claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred.
10. The amount appropriated in Schedule (8) shall be for one-time grants to all 58 counties to plan for changes in state law governing county custody and rehabilitative services for youthful offenders whose offenses are not listed in subdivision (b) of Section 707 of the Welfare and Institutions Code. The Corrections Standards Authority (CSA), in consultation with the Division of Juvenile Facilities, shall distribute the funds based on county population, as reported most recently by the Department of Finance. The 10 largest counties shall receive grants of \$150,000 each. The next 20 largest counties shall receive grants of \$100,000 each. The 28 smallest counties shall receive grants of \$50,000 each. The CSA shall award grants no later than 30 days following the chaptering of this act.
 11. The amount appropriated in Schedule (9) shall be for one-time grants to counties for additional planning and development efforts related to changes in state law governing the custody and treatment of youthful offenders whose offenses are not listed in subdivision (b) of Section 707 of the Welfare and Institutions Code. The amounts shall be distributed by the Corrections Standards Authority, in consultation with the Division of Juvenile Facilities, on a competitive

basis. Counties may apply for these funds, and the Corrections Standards Authority shall give preference to counties that request funds to develop (a) regional approaches to the care, custody, and supervision of youthful offenders, (b) programs for specialized youthful offender populations, including, but not limited to, offenders with histories of mental illness, substance abuse, violence, and recurrent and intractable behavioral problems, and (c) the use of evidence-based programs, risk/needs assessments, and a plan to implement a continuum of care for all youthful offenders. The Corrections Standards Authority shall award the grants not later than April 1, 2008. Up to 3 percent of the total amount appropriated in Schedule (9) shall be available to the Corrections Standards Authority, Division of Juvenile Facilities, and Department of Corrections and Rehabilitation for administration of this provision.

5225-101-0170—For local assistance, Department of Corrections and Rehabilitation, Program 15-Corrections Standards Authority, payable from the Corrections Training Fund..... 19,465,000
Provisions:

1. Notwithstanding any other provision of law, any city, county, or city and county that desires to receive state aid pursuant to this provision shall make application to the Corrections Standards Authority for such aid. The initial application shall be accompanied by a certified copy of an ordinance adopted by the governing body providing that, while receiving any state aid pursuant to this provision, the city, county, or city and county will adhere to the standards for selection and training established by the authority. The application shall contain such information as the authority may require.
2. The authority shall annually allocate and the State Treasurer shall periodically pay from the Corrections Training Fund, at intervals specified by the authority, to each city, county, or city and county that has applied and qualified for aid pursuant to the provisions of this item an amount determined by the authority pursuant to standards set forth in its regulations. In no event shall any allocation be made to any city, county, or

city and county that is not adhering to the selection and training standards established by the authority as applicable to such city, county, or city and county.

5225-104-0890—For local assistance, Department of Corrections and Rehabilitation, payable from the Federal Trust Fund..... 22,224,000

Schedule:

(1) 15-Corrections Standards Authority..... 22,224,000

Provisions:

1. Notwithstanding any other provision of law, the Department of Corrections and Rehabilitation may provide advance payment of up to 25 percent of grant funds awarded to community-based, nonprofit organizations, cities, school districts, counties, and other units of local government that have demonstrated cashflow problems according to the criteria set forth by the Department of Corrections and Rehabilitation.

5225-301-0001—For capital outlay, Department of Corrections and Rehabilitation, payable from the General Fund..... 48,944,000

Schedule:

(1) 61.01.001-Statewide: Budget Packages and Advance Planning—Study..... 2,000,000

(2) 61.01.203-Statewide: Small Management Exercise Yards (CCC, SCC, NKSP, CCI, SQ, CTF)—Preliminary plans and working drawings..... 911,000

(2.5) 61.01.400-Modulars for Farrell Related Program Space..... 6,500,000

(4) 61.05.038-Correctional Training Facility, Soledad: Solid Cell Fronts—Preliminary plans..... 405,000

(4.5) 61.06.034-Deuel Vocational Institution, Tracy: New Electrical Power Substation—Working drawings and construction..... 3,874,000

(5) 61.06.035-Deuel Vocational Institution, Tracy: Solid Cell Fronts—Preliminary plans..... 405,000

(6)	61.07.029-Folsom State Prison, Represa: Convert Officer and Guards Building to Office Space—Working drawings.....	370,000
(7)	61.08.049-California Institution for Men, Chino: Solid Cell Fronts—Construction.....	6,863,000
(10)	61.10.101-California Men's Colony, San Luis Obispo: Central Kitchen Replacement—Working drawings.....	258,000
(10.2)	61.10.102-California Men's Colony, San Luis Obispo: Locked Observation Unit—Construction.....	593,000
(10.7)	61.12.030-San Quentin State Prison, San Quentin: Lethal Injection Chamber—Construction.....	182,000
(11)	61.13.016-California Institution for Women, Frontera: 20-Bed Psychiatric Services Unit—Preliminary plans.....	423,000
(12)	61.14.030-Minor Projects.....	2,038,000
(12.3)	61.14.035-Minor Projects: Farrell Litigation—Program and Treatment Space Requirements.....	3,500,000
(12.7)	61.16.021-Sierra Conservation Center, Jamestown: Effluent Disposal Pipeline—Construction.....	18,796,000
(13)	61.16.023-Sierra Conservation Center, Jamestown: Filtration/Sedimentation Structure—Working drawings.....	162,000
(14)	61.18.008-Mule Creek State Prison, Ione: Wastewater Treatment Plant Improvements—Preliminary plans.....	390,000
(15)	61.22.006-Chuckawalla Valley State Prison, Blythe: Wastewater Treatment Plant Improvements—Preliminary plans and working drawings	1,274,000

Provisions:

1. The funds appropriated in Schedule (1) are to be allocated by the Department of Corrections and Rehabilitation, upon approval by the Depart-

ment of Finance, to develop design and cost information for new projects for which funds have not been previously appropriated, but for which preliminary plan funds, working drawings funds, or working drawings and construction funds are expected to be included in the 2008–09 or 2009–10 Budget Act, and for which cost estimates or preliminary plans can be developed prior to legislative hearings on the 2008–09 and 2009–10 Budget Acts, respectively. These funds may be used for all of the following: budget package development, environmental services, architectural programming, engineering assessments, schematic design, and preliminary plans. The amount appropriated in this item for these purposes is not to be construed as a commitment by the Legislature as to the amount of capital outlay funds it will appropriate in any future year. Before using these funds for preliminary plans, the Department of Corrections and Rehabilitation shall provide a 20-day notification to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the respective fiscal committee of each house of the Legislature, and the legislative members of the State Public Works Board, discussing the scope, cost, and future implications of the use of funds for preliminary plans.

2. As used in this appropriation, studies shall include site studies and suitability reports, environmental studies, master planning, architectural programming and schematics.
3. The funds appropriated in Schedule (10.7) shall not be expended by the Department of Corrections and Rehabilitation until the Department of Finance certifies that the Morales court either (a) has approved the construction plans, or (b) has indicated that it will not rule on the adequacy of the proposed chamber until construction is complete. Upon making such a finding, the Department of Finance shall provide notice within 10 days to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the budget committees of both houses of the Legislature.
4. Notwithstanding any provision of law, the redirection of minor capital outlay funding should

- be restricted to special circumstances or an emergency. Written notification of this redirection shall be submitted to the Joint Legislative Budget Committee no later than 20 days prior to the date upon which the Department of Corrections and Rehabilitation intends to redirect the funding.
5. It is the intent of the Legislature that the Department of Finance's new policy to treat Prison Industry Authority modular units as capital outlay has minimal impact on the Prison Industry Authority program. In order not to disrupt the Prison Industry Authority's rehabilitative carpentry and ironworker preapprenticeship program, the authority is authorized to construct modular facilities from support funded purchase orders received prior to June 30, 2007, and for any modular facilities that are authorized in the 2007-08 budget year.
 6. Of the funds appropriated in Schedule (2.5), \$6,500,000 is for the purchase of additional modular space for Farrell related programs. The Department of Corrections and Rehabilitation shall report to the Joint Legislative Budget Committee on how it proposes to allocate these funds at least 30 days prior to their expenditure. In each report, the department shall describe the scope, budget, and schedule for the modular space and related telecommunication improvements that will be installed at each institution.
 7. Of the funds appropriated in this item, \$3,500,000 is for various capital outlay projects to respond to Farrell litigation. The Department of Corrections and Rehabilitation shall report to the Joint Legislative Budget Committee with a report on how it proposes to allocate these funds at least 30 days prior to the expenditure of these funds. The department may submit several reports to the Joint Legislative Budget Committee as the projects are developed. For each report the department shall describe the scope, budget, and schedule for the renovated space and related telecommunication improvements that will be undertaken at each institution.
 8. The Department of Corrections and Rehabilitation shall report to the Joint Legislative Budget Committee with an update of the facility master

plan for juvenile facilities. The report should identify how the projects funded in the 2007–08 Budget implement the master plan. This report shall be received by October 31, 2007.

- 9. The Department of Corrections and Rehabilitation shall report to the Joint Legislative Budget Committee by May 1, 2008, a reconciliation of the facility master plan with the Operational Master Plan being developed by the State Commission on Juvenile Justice.

5225-301-0660—For capital outlay, Department of Corrections and Rehabilitation, payable from the Public Buildings Construction Fund..... 119,752,000

Schedule:

- (0.4) 61.03.023-California Correctional Center, Susanville: Wastewater Treatment Plant Modifications—Working drawings and construction..... 51,418,000
- (0.5) 61.04.040-California Correctional Institution, Tehachapi: Wastewater Treatment Plant Renovation—Construction..... 8,730,000
- (0.6) 61.06.030-Deuel Vocational Institution, Tracy: New Wastewater Treatment Plant—Construction.... 36,955,000
- (1) 61.10.101-California Men’s Colony, San Luis Obispo: Central Kitchen Replacement—Construction..... 10,264,000
- (5.1) 61.23.004-California State Prison, Corcoran: Wastewater Treatment Plan Improvements—Construction..... 5,944,000
- (5.2) 61.30.004-Centinel State Prison, Imperial: Wastewater Treatment Plant Upgrades—Construction.... 6,441,000

Provisions:

- 1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the project authorized by this item.
- 2. The Department of Corrections and Rehabilitation and the State Public Works Board are authorized and directed to execute and deliver any

- and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
3. The State Public Works Board shall not be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This provision does not exempt the Department of Corrections and Rehabilitation from the requirements of the California Environmental Quality Act. This provision is declaratory of existing law.
 4. The Department of Corrections and Rehabilitation shall attempt to coordinate its efforts to construct new clinical space to comply with the Perez lawsuit with the receiver's efforts to add additional clinical facility space, including offices for medical personnel, at each of the department's institutions.
 5. The funds appropriated in Chapter 7 of the Statutes of 2007, consistent with subdivision (c) of Section 15819.40 of the Government Code, shall be used for preliminary plans, working drawings, and construction of a 50-bed Mental Health Crisis Bed facility at the California Men's Colony. The Department of Corrections and Rehabilitation shall not expend these funds until the Department of Finance (DOF) certifies that the Coleman court has resolved that the 50-bed facility is to be constructed rather than the proposed larger Consolidated Care Center at this same prison. Upon making such a finding, DOF shall provide notice within 10 days to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the budget committees of both houses of the Legislature.
 6. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for expenditure during the 2007–08 fiscal year, except appropriations for acquisitions which shall be available for expenditure until June 30, 2010, appropriations for working drawings

which shall be available for expenditure until June 30, 2009, and appropriations for construction which shall be available for expenditure until June 30, 2012. In addition, the balance of the funds appropriated for construction that have not been allocated, through fund transfer or approval to bid, by the Department of Finance on or before June 30, 2010, shall revert as of that date to the fund from which the appropriation was made.

5225-490—Reappropriation, Department of Corrections and Rehabilitation. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for those balances in the appropriations and shall be available for encumbrance or expenditure until June 30, 2008:

0001—General Fund

(1) Item 5225-001-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). The balance of the funds appropriated for the support, development, implementation, and maintenance of the Parole Law Enforcement Automated Data System.

5225-491—Reappropriation, Department of Corrections and Rehabilitation. The balance of the appropriation provided in the following citation is reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriation:

0001—General Fund

(1) Item 5225-301-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

(15) 61.10.049-California Men's Colony, San Luis Obispo: Potable Water Distribution System Upgrade—Construction

5225-492—Reappropriation, Department of Corrections and Rehabilitation. Notwithstanding any other provision of law and for the purposes in the following appropriation, the period to liquidate encumbrances of the following citation is extended to June 30, 2009:

0660—Public Buildings Construction Fund

(1) Item 5225-301-0660, Budget Act of 2001 (Ch. 106, Stats. 2001), as reappropriated by Item 5225-492 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

- (1) 61.10.047-California Men's Colony, San Luis Obispo: Wastewater Collection Treatment Upgrade—Construction
- 5225-493—Reappropriation, Department of Corrections and Rehabilitation. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for those balances in the appropriations and shall be available for encumbrance or expenditure until June 30, 2008:
- 0001—General Fund
- (1) Item 5225-001-0001, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005). The balance of the funds appropriated for the support, development, implementation, and maintenance of the Business Information Systems.
- 5225-495—Reversion, Department of Corrections and Rehabilitation. As of June 30, 2007, the unencumbered balances of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made:
- 0001—General Fund
- (1) Item 5225-301-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
- (7) 61.06.030-Deuel Vocational Institution, Tracy: New Wastewater Treatment Plant—Construction
- (8) 61.06.034-Deuel Vocational Institution, Tracy: New Electrical Power Substation—Working drawings and construction
- (13) 61.09.040-California Medical Facility, Vacaville: Intermediate Care Facility—Working drawings and construction
- (16) 61.14.030-Minor Projects
- (23) 61.35.010-Salinas Valley State Prison, Soledad: Intermediate Care Facility—Working drawings and construction
- (24.5) 61.35.012-Salinas Valley State Prison, Soledad: Intermediate Care Facility—Preliminary Plans
- (26) 61.47.005-California State Prison, Sacramento, Represa: Acute Mental Health Facility—Preliminary Plans
- (27) 61.47.006-California State Prison, Sacramento, Represa: Intermediate Care Facility—Preliminary Plans
- (2) Item 5225-301-0001, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

- (17) 61.16.021-Sierra Conservation Center,
Jamestown: Effluent Disposal
Pipeline—Construction

EDUCATION

6110-001-0001—For support of Department of Educa-
tion..... 47,380,000

Schedule:

- (1) 10-Instruction..... 62,022,000
- (2) 20-Instructional Support..... 103,209,000
- (3) 30-Special Programs..... 55,097,000
- (4) 40-Executive Management and
Special Services..... 9,566,000
- (6) 42.01-Department Management and
Special Services..... 32,578,000
- (7) 42.02-Distributed Department
Management and Special Ser-
vices..... -32,578,000
- (8) Reimbursements..... -18,732,000
- (9) Amount payable from Federal
Trust Fund (Item 6110-001-
0890)..... -163,060,000
- (10) Amount payable from Mental
Health Services Fund (Item 6110-
001-3085)..... -722,000

Provisions:

- 2. Notwithstanding Section 33190 of the Education Code, or any other provision of law, the State Department of Education shall expend no funds to prepare (a) a statewide summary of student performance on school district proficiency assessments or (b) a compilation of information on private schools with five or fewer pupils.
- 3. Funds appropriated in this item may be expended or encumbered to make one or more payments under a personal services contract of a visiting educator pursuant to Section 19050.8 of the Government Code, a long-term special consultant services contract, or an employment contract between an entity that is not a state agency and a person who is under the direct or daily supervision of a state agency, only if all of the following conditions are met:
 - (a) The person providing service under the contract provides full financial disclosure to the Fair Political Practices Commission

- in accordance with the rules and regulations of the Commission.
- (b) The service provided under the contract does not result in the displacement of any represented civil service employee.
 - (c) The rate of compensation for salary and health benefits for the person providing service under the contract does not exceed by more than 10 percent the current rate of compensation for salary and health benefits determined by the Department of Personnel Administration for civil service personnel in a comparable position. The payment of any other compensation or any reimbursement for travel or per diem expenses shall be in accordance with the State Administrative Manual and the rules and regulations of the California Victim Compensation and Government Claims Board.
4. The funds appropriated in this item may not be expended for any REACH program.
 5. The funds appropriated in this item may not be expended for the development or dissemination of program advisories, including, but not limited to, program advisories on the subject areas of reading, writing, and mathematics, unless explicitly authorized by the State Board of Education.
 6. Of the funds appropriated in this item, \$206,000 shall be available as matching funds for the Department of Rehabilitation to provide coordinated services to disabled pupils. Expenditure of the funds shall be identified in the memorandum of understanding or other written agreement with the Department of Rehabilitation to ensure an appropriate match to federal vocational rehabilitation funds.
 7. Of the funds appropriated in this item, no less than \$2,224,000 is available for support of Child Care Services, including state preschool.
 8. Of the funds appropriated in this item: (a) \$360,000 is for the purpose of providing the STAR Program and California High School Exit Examination (CAHSEE) Program each with two staff members possessing psychometric and test development expertise and (b) \$400,000 is for the purpose of funding two existing positions for the STAR Program and two existing posi-

- tions for various other testing programs, including the CAHSEE and English Language Development Test.
9. Of the funds appropriated in this item, \$159,000 is provided solely for the purpose of funding existing positions from within the State Department of Education to provide the Curriculum Commission with subject matter specialists.
 10. Of the funds appropriated in this item, \$200,000 is to contract for a review of proposals submitted by school districts that wish to participate in the Mathematics and Reading Professional Development program. The selection of this contractor shall be subject to the approval of the State Board of Education.
 11. Of the funds appropriated in this item, \$911,000, as subsequently adjusted for employee compensation, shall be available for costs associated with the administration of the High Priority Schools Grant Program pursuant to Chapter 6.1 (commencing with Section 52055.600) of Part 28 of the Education Code and the Immediate Intervention/Underperforming Schools Program pursuant to Chapter 6.1 (commencing with Section 52053) of Part 28 of the Education Code.
 12. By October 31, 2007, the State Department of Education (SDE) shall provide to the Department of Finance a file of all charter school ADA and state and local revenue associated with charter school general purpose entitlements as part of the P2 Revenue Limit File. By March 1, 2008, the SDE shall provide to the Department of Finance a file of all charter school ADA and state and local revenue associated with charter school general purpose entitlements as part of the P1 Revenue Limit File. It is the expectation that such reports will be provided annually.
 13. On or before April 15, 2008, the State Department of Education (SDE) shall provide to the Department of Finance an electronic file that includes complete district- and county-level state appropriations limit information reported to the SDE. The SDE shall make every effort to ensure that all districts have submitted the necessary information requested on the relevant reporting forms.

14. The State Department of Education shall make information available to the Department of Finance, the Legislative Analyst's Office, and the budget committees of each house of the Legislature by October 31, March 31, and May 31 of each year regarding the amount of Proposition 98 savings estimated to be available for reversion by June 30 of that year.
15. Of the reimbursement funds appropriated in this item, \$2,000,000 shall be available to the State Department of Education for nutrition education and physical activity promotion pursuant to an interagency agreement with the State Department of Public Health.
16. The report required by Section 60800 of the Education Code for the physical performance test is not required to be printed and mailed, but shall be compiled and reported electronically.
17. Reimbursement expenditures pursuant to this item resulting from the imposition by the State Department of Education (SDE) of a commercial copyright fee may not be expended sooner than 30 days after the SDE submits to the Department of Finance a legal opinion affirming the authority to impose such fees and the arguments supporting that position against any objections or legal challenges to the fee filed with the SDE. Any funds received pursuant to imposition of a commercial copyright fee may only be expended as necessary for outside counsel contingent on a certification of the Superintendent of Public Instruction that sufficient expertise is not available within departmental legal staff. The SDE shall not expend greater than \$300,000 for such purposes without first notifying the Department of Finance of the necessity thereof, and upon receiving approval in writing.
18. Of the funds appropriated in this item, \$2,625,000 is provided on a one-time basis for legal representation from the office of the Attorney General in litigation related to the California High School Exit Examination. The State Department of Education (SDE) shall provide a report to the Department of Finance and the Legislature detailing the expenditures of these funds and providing an update on any such litigation on November 1, 2007, and every four months

thereafter, with the final report due on June 30, 2008. The office of the Attorney General shall provide the SDE any information, including budget and expenditure data, necessary for the SDE to complete its reports to the Department of Finance and the Legislature.

- (a) Of the \$2,625,000, up to \$767,000 may be used for one-time costs related to the implementation of Chapter 751 of the Statutes of 2006.
- 19. Of the funds appropriated in this item, \$945,000 and 1.0 position is to support state operations related to the development of the California Longitudinal Pupil Achievement Data System to meet the requirements of the federal No Child Left Behind Act of 2001 (P.L. 107-110).
- 20. Notwithstanding any other provision of law, of the amount appropriated for support of the State Department of Education (SDE) pursuant to Section 8483.55 of the Education Code, the SDE shall pass through \$95,000 to the Office of the Secretary for Education for a position to advise the administration on before and after school issues.
- 22. Of the funds appropriated in this item, \$168,000 shall only be available to support a \$168,000 interagency agreement with the California Career Resource Network to provide continuing support for the operations of that organization.
- 23. Of the amount appropriated in this item, \$139,000 from reimbursement funds may be expended for first year costs to administer the Education Technology K-12 Voucher Program pursuant to the Microsoft settlement.
- 24. Of the funds appropriated in this item, \$934,000 is for dispute resolution services, including mediation and fair hearing services, provided through contract for the Special Education Program.
- 26. Of the reimbursement funds appropriated in this item, \$400,000 shall be available to the State Department of Education to contract for assistance in developing an approved listing of food and beverage items that comply with the nutrition standards of Chapter 235 of the Statutes of 2005 and Chapter 237 of the Statutes of 2005. In order to fund the development and mainte-

nance of the approved product listing, the State Department of Education shall collect a fee, as it deems appropriate, from vendors seeking to have their product reviewed for potential placement on the approved product listing. Reimbursements collected in the 2007–08 fiscal year may be used to offset costs incurred in the 2006–07 fiscal year.

27. The State Department of Education shall submit to the appropriate fiscal and policy committees of the Legislature, by April 1, 2008, a report on the State Department of Education’s handling of student civil rights complaints through the uniform complaint procedure, including information setting forth the State Department of Education’s process for handling civil rights complaints, information on the State Department of Education’s policies for tracking the length of time taken to resolve complaints, from initial receipt of the claim to final resolution, and significant trends related to the filing of discrimination complaints, such as an increase in the number of claims on a particular school or school district. The report shall also include longitudinal data about the average length of time taken to resolve complaints and the percentage of claims resolved within the timeline established in regulation. Organized by prohibited basis of discrimination claimed, the report shall include the number of complaints filed on each basis, the number of requests for direct state intervention, the number of appeals of a local educational agency decision, the number of disqualified claims and the reasons for disqualification, the average length of time the State Department of Education takes to resolve a complaint, and the percentage of complaints being processed in accordance with the timeline established in regulation.
28. Of the funds appropriated in this item, \$133,000 and 1.0 position shall be available to coordinate education programs for incarcerated youth. The State Department of Education shall prepare an annual report on youth served in correctional settings.

<p>6110-001-0140—For support of Department of Education, Program 20.10.055-Instructional Support, Environmental Education, payable from the California Environmental License Plate Fund.....</p> <p>6110-001-0178—For support of Department of Education, Program 20.30.003-Instructional Support, Schoolbus Driver Instructor Training, as provided in Section 40070 of the Education Code, payable from the Driver Training Penalty Assessment Fund.....</p> <p>Provisions:</p> <p>1. Of the funds appropriated in this item, \$182,000 is available only for increased lease costs to secure new office and classroom space necessary for the operations of the Schoolbus Driver Instructor Training Program.</p> <p>6110-001-0231—For support of Department of Education, Program 20.10.045-Instructional Support, Curriculum Services-Health and Physical Education-Drug Free Schools, payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund, pursuant to Article 1 (commencing with Section 104420) of Chapter 1 of Part 3 of the Health and Safety Code.....</p> <p>6110-001-0687—For support of Department of Education, for the California State Agency for Donated Food Distribution, Program 30.50-Donated Food Distribution, payable from the Donated Food Revolving Fund, pursuant to Article 7 (commencing with Section 12110) of Chapter 1 of Part 8 of the Education Code.....</p> <p>6110-001-0890—For support of Department of Education, for payment to Item 6110-001-0001, payable from the Federal Trust Fund.....</p> <p>Provisions:</p> <p>1. The funds appropriated in this item include federal Vocational Education Act funds for the 2007–08 fiscal year to be transferred to community colleges by means of interagency agreements. These funds shall be used by community colleges for the administration of vocational education programs.</p> <p>2. Of the funds appropriated in this item, \$96,000 is available to the Advisory Commission on Special Education for the in-state travel expenses of the commissioners and the secretary to the commission.</p>	<p>46,000</p> <p>1,475,000</p> <p>944,000</p> <p>7,366,000</p> <p>163,060,000</p>
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3. Of the funds appropriated in this item, \$426,000 is available for programs for homeless youth and adults pursuant to the federal McKinney-Vento Homeless Assistance Act. The State Department of Education shall consult with the Departments of Economic Opportunity, Mental Health, Housing and Community Development, and Economic Development in operating this program.
4. Of the funds appropriated in this item, up to \$364,000 shall be used to provide in-service training for special and regular educators and related persons, including, but not limited to, parents, administrators, and organizations serving severely disabled children. These funds are also to provide up to 4.0 positions for this purpose.
5. Of the funds appropriated in this item, \$318,000 shall be used to provide training in culturally nonbiased assessment and specialized language skills to special education teachers.
6. Of the amount appropriated in this item, \$1,265,000 shall be used for the administration of the federal charter schools program. These activities include monitoring of grant recipients and increased review and technical assistance support for federal charter school grant applicants and recipients. For the 2007–08 fiscal year, 1.0 position shall support fiscal issues pertaining to charter schools.
7. (a) Of the funds appropriated in this item, \$10,115,000 is from the Child Care and Development Block Grant Fund and is available for support of child care services. Of this amount, \$747,000 is for 6.0 positions within the State Department of Education (SDE) to address compliance monitoring and overpayments, which may contribute to early detection of fraud. The SDE shall provide information to the Legislature and Department of Finance each year that quantifies provider-by-provider level data, including instances and amounts of overpayments and fraud, as documented by the SDE's compliance monitoring efforts for the prior fiscal year.

- (b) As a condition of receiving the resources specified in subdivision (a), every alternative payment agency will be audited each year using sufficient sampling of provider records of the following: (i) family fee determinations, (ii) income eligibility, (iii) rate limits, and (iv) basis for hours of care, to determine compliance rates, any instances of misallocation of resources, and the amount of funds expected to be recovered from instances of both potential fraud and overpayment when no intent to defraud is suspected. This information will be contained in a separate report for each provider, with a single statewide summary report annually submitted to the Governor and Legislature no later than April 15.
- 8. Of the funds appropriated in this item, \$1,427,000 shall be used for administration of the Enhancing Education Through Technology Grant Program. Of this amount:
 - (a) \$150,000 is available only for contracted technical support and evaluation services.
- 9. Of the funds appropriated in this item, \$9,206,000 is for dispute resolution services, including mediation and fair hearing services, provided through contract for the Special Education Program. The State Department of Education shall ensure the quarterly reports that the contractor submits on the results of its dispute resolution services and include the same information as required by Provision 9 of Item 6110-001-0890 of Chapters 47 and 48 of the Statutes of 2006 and Section 56504.5 of the Education Code and shall reflect year-to-date data and final yearend data.
- 10. Of the amount provided in this item, \$881,000 is provided for staff for the Special Education Focused Monitoring Pilot Program to be established by the State Department of Education for the purpose of monitoring local educational agency compliance with state and federal laws and regulations governing special education.
- 11. Of the funds appropriated in this item, \$125,000 shall be allocated for increased travel costs associated with program reviews conducted by the Special Education Division Focused Monitoring

and Technical Assistance units. Expenditure of these funds is subject to Department of Finance approval of an expenditure plan. The expenditure plan shall include the proposed travel costs associated with focused monitoring and technical assistance provided by the State Department of Education. It shall also include the estimated type and number of reviews to be conducted, and shall provide an estimated average cost per type of review. Annual renewal of this funding is subject to Department of Finance approval of an annual focused monitoring final expenditure report. The report shall be submitted on or before September 30, 2007. It shall provide the total number of reviews conducted each fiscal year, the amount of staff and personnel days and hours associated with each category of review, the travel costs associated with the type and number of reviews conducted, and an average cost per type of review.

12. Of the funds appropriated in this item, \$243,000 shall be available for the preparation, analysis, and production of the annual federal accountability reports, as required by the Carl D. Perkins Vocational Technical Education Act.
13. Of the funds appropriated in this item, not less than \$847,000 shall be available for costs associated with the administration of the High Priority Schools Grant Program pursuant to Article 3.5 (commencing with Section 52055.600) of Chapter 6.1 of Part 28 of the Education Code and the Immediate Intervention/Underperforming Schools Program pursuant to Article 3 (commencing with Section 52053) of Chapter 6.1 of Part 28 of the Education Code.
14. Of the funds appropriated in this item, \$445,000 shall be available pursuant to Chapter 1020 of the Statutes of 2002 for the development and implementation of corrective action plans and sanctions pursuant to federal law. The State Department of Education shall inform the Department of Finance and the Legislature by February 15, 2008, on the use of these funds and the status of these efforts.
15. Of the funds appropriated in this item, \$1,414,000 is for administration of the Reading First Program. Of this amount, \$926,000 is to

- redirect 6.0 positions to assist in program administration, and \$500,000 is for the State Department of Education to contract for annual evaluations of program effectiveness.
16. Of the funds appropriated in this item, \$668,000 and 5.0 positions are for the State Department of Education to continue developing a comprehensive strategy to address data reporting requirements associated with the federal No Child Left Behind Act of 2001 (P.L. 107-110).
 17. Of the funds appropriated in this item, \$881,000 is to support state operations related to the development of the California Longitudinal Pupil Achievement Data System to meet the federal No Child Left Behind Act of 2001 (P.L. 107-110).
 18. Of the funds appropriated in this item, \$1,981,000 is from the Statewide Longitudinal Data System Grant for use in the development of the California Longitudinal Pupil Achievement Data System to meet the requirements of the federal No Child Left Behind Act of 2001 (P.L. 107-110). Expenditure of \$1,200,000 of this amount is subject to Department of Finance approval of the Special Project Report for the system and pursuant to Section 11.00 of this act, if applicable.
 19. Of the amount appropriated in this item, \$283,000 shall be used to develop an Internet-based electronic clearinghouse system to improve the availability of parental information documents that are translated into languages other than English. The system shall include an interactive Web portal located on the State Department of Education (SDE) Web site, which shall allow local educational agencies to submit, locate, and access locally translated parental documents and may include documents that the SDE is responsible for translating. The funding shall also be used to fund 1.0 position to manage the development and maintenance of the clearinghouse system.
 20. Of the amount appropriated in this item, \$832,000 (\$600,000 reimbursements and \$232,000 federal special education funds) shall be used to fund 6.0 positions and implement the provisions of Chapter 914 of the Statutes of 2004

- for increased monitoring of nonpublic, nonsec-
tarian schools.
21. Of the funds appropriated in this item, \$443,000 is for 3.0 positions within the State Department of Education for increased monitoring associated with mental health services required by an individualized education plan pursuant to Chapter 493 of the Statutes of 2004.
 22. Of the funds appropriated in this item, \$2,639,000 shall be used to implement the Child Nutrition Information and Payment System.
 23. Of the funds appropriated in this item, \$2,295,000 shall be used for the administration of the 21st Century Community Learning Centers Program.
 24. Of the funds appropriated in this item, \$288,000 shall be used to fund 3.0 limited-term information technology positions to meet critical federal special education reporting requirements.
 25. Of the funds appropriated in this item, \$106,000 shall be made available to the Office of the Secretary for Education for state operation costs associated with federal and state accountability activities.
 26. Of the funds appropriated in this item, \$168,000 in federal Carl D. Perkins Vocational Technical Education Act funding shall only be available to support a \$168,000 interagency agreement with the California Career Resource Network to provide continuing support for the operations of that organization.
 27. Of the amount appropriated in this item, \$100,000 is available for an interagency agreement with the California Career Resource Network to develop career resource materials and information pursuant to Provision 1 of Item 6330-001-0001.
 28. Of the funds appropriated in this item, \$1,142,000 is available on a one-time basis from federal Title II funds for the State Department of Education to fund one two-year limited-term position and other costs associated with the development of the Teacher Database System. Of this amount, \$248,000 is available for an interagency agreement with the Commission on Teacher Credentialing to support 2.5 two-year

- limited-term positions associated with the development of the Teacher Database System.
29. Of the funds appropriated in this item, \$112,000 is for 1.0 position to support workload associated with coordinating data collection and sharing for the California Longitudinal Pupil Achievement Data System and for the federal Education Data Exchange Network.
 30. Of the funds appropriated in this item, \$500,000 is available on a one-time basis to the State Department of Education for the cost of translating into languages other than English state prototype documents. The State Department of Education shall contract with appropriate translators or translator services to translate these documents. The State Department of Education shall post all documents translated as a result of the appropriation referenced in this provision on its existing Internet-based electronic clearinghouse system of state and locally translated parental notification documents.
 31. Of the funds appropriated in this item, \$800,000 is provided in one-time carryover funds to complete the comprehensive needs assessment, develop the state educational agency's service delivery plan and develop a process and contract for program evaluation to meet federal Migrant Education program requirements. The state plan pursuant to Sections 200.83 and 200.84 of Title 1 of the Code of Federal Regulations shall include a summary of the comprehensive needs assessment, the service delivery plan, and the evaluation design.
 32. Of the amount appropriated in this item, \$172,000 is available from one-time carryover funds to support efforts that directly certify eligible pupils from public benefit programs for free and reduced-price school meal programs.
 33. Of the amount appropriated in this item, \$50,000 is available from one-time federal funds for providing training and technical assistance to local educational agencies implementing local wellness policies.
 34. Of the funds appropriated in this item, \$1,127,000 of federal Title II funds is for the Compliance, Monitoring, Intervention, and Sanctions (CMIS) program. This program is

designed to help school districts meet the highly qualified teacher requirements specified in the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.). By April 1, 2008, the State Department of Education shall submit a report on the CMIS program to the budget and policy committees. The report shall identify (a) the number of school districts that received CMIS support in the 2007–08 fiscal year, and (b) the major components of the plans that those districts developed to respond to the federal highly qualified teacher requirements. For each participating district, the report also shall provide longitudinal data on the number and percent of teachers who are and are not highly qualified. At a minimum, the 2007–08 report shall include finalized data for the 2004–05, 2005–06, and 2006–07 fiscal years, and initial data for the 2007–08 fiscal year. The report shall provide data separately for high-poverty and low-poverty schools. For comparison, the report shall provide the same longitudinal data for the state-wide average of all school districts as well as the average for school districts not receiving CMIS support.

35. Of the funds appropriated in this item, \$167,000 and 1.5 positions are provided to support increased workload for the Mathematics and Science Partnership Program. Additionally, \$200,000 is provided to expand the external evaluator contract.
37. Of the funds appropriated in this item, \$1,600,000 is provided on a one-time basis for 4.0 limited-term positions expiring on June 30, 2010, for the State Department of Education to monitor and provide technical assistance to alternative, county court, and Division of Juvenile Justice schools serving English learners. The State Department of Education shall use the funds for monitoring and providing technical assistance to assure access to assessments and improve services for English learners in these schools.
38. Of the funds appropriated in this item, \$1,427,000 shall be used for administration of the Enhancing Education Through Technology Grant Program. Of this amount, \$150,000 is

available only for contracted technical support and evaluation services.

39. Of the funds appropriated in this item, \$450,000 is made available on a one-time basis for the special education dispute resolution contract for cost-of-living increases. The State Department of Education, in coordination with the Office of Administrative Hearings, shall provide quarterly caseload and expenditure data to the appropriate budget committees of the Legislature, the Department of Finance, and the Legislative Analyst's Office by March 1, 2008. The information shall also include updated budget detail and payment provisions, as shown in Exhibit B of the interagency agreement.
40. Of the funds appropriated in this item, \$150,000 is available on a one-time basis for an independent evaluation of the dispute resolution contract. The State Department of Education shall contract for an evaluation of the interagency agreement for mediation conference and due process hearing pursuant to Section 56504.5 of the Education Code. The evaluation shall include an interim report by April 1, 2008, and a final report by January 1, 2009, both of which shall be provided to the appropriate fiscal and policy committees of the Legislature and the Governor. The interim report shall identify workload and workload changes for the program from fiscal years 2004–05 to 2006–07, inclusive, and efficiency options, including, but not limited to, utilizing mediators to conduct mediation sessions. The final report shall examine the agency's or contractor's performance with respect to meeting the requirements of Section 56504.5 of the Education Code and include, at a minimum, all of the following:
 - (a) The qualifications of the mediators.
 - (b) The number of complaints resolved and unresolved.
 - (c) The number of mediations resolved and unresolved.
 - (d) The amount of time between the filing of complaints and the resolution of those complaints.
41. Of the funds appropriated in this item, \$1,050,000 is provided on a one-time basis for

- 3.0 limited-term positions expiring June 30, 2010, for the purposes of the implementation of special education focused monitoring and technical assistance for alternative schools, county court schools, and Division of Juvenile Justice schools.
42. Of the funds appropriated in this item, \$220,000 of federal Title III funds is available to continue 2.0 limited-term positions for one year to handle the verification process prescribed in Chapter 79 of the Statutes of 2006 and allocate funding for local educational agencies to purchase standards-aligned supplemental instructional materials for English learners.
 43. Of the funds appropriated in this item, not more than \$150,000 shall be provided on a one-time basis for the State Department of Education to conduct, or contract with an external entity to conduct, a study to identify options for improving indicators of student socioeconomic status. The department may use up to \$125,000 from one-time Title I funds and may redirect up to \$25,000 of its existing resources to assist this effort. The objective of this study is to determine options for identifying needy students for the purposes of targeted school funding. The study shall assess the advantages and disadvantages of the measures of socioeconomic status that are currently used for school funding purposes, including, but not limited to, Title I student counts, participation in the CalWORKs program, parent education level, and participation in the Free and Reduced Meal Program. The study shall also investigate and recommend additional methods or indicators for identifying students living in poverty.
 44. Of the funds appropriated in this item, \$350,000 in Title I Program Improvement moneys is appropriated to support 4.0 positions for workload related to the No Child Left Behind Act requirements. Specifically, the additional staff is intended to support implementation of district and county office of education corrective actions.
 45. The State Department of Education shall commission an independent evaluation of the Statewide System of School Support. The State Department of Education shall first use private

funds, as available. If private funds are insufficient, the State Department of Education may use up to \$500,000 of one-time Title I moneys for the evaluation. The evaluation shall be submitted to the appropriate fiscal and policy committees of the Legislature, the Legislative Analyst's Office, and the Department of Finance no later than April 1, 2009.

46. Of the funds appropriated in this item, \$300,000 of one-time Title III funds is available on a one-time basis for six years for an evaluation of instructional materials pursuant to legislation related to instructional materials and English learners.
47. Of the funds appropriated in this item, \$400,000 is available for the State Department of Education to assist local educational agencies in understanding and implementing evidence-based practices to ensure students receive appropriate instruction to achieve academically. Of this amount, \$100,000 is available to convene a State Superintendent of Public Instruction (SSPI) advisory committee to develop, by December 31, 2008, recommendations, to be used by the State Department of Education, for all of the following:
 - (a) To identify research-based information for the identification, evaluation, and instruction of students with specific learning disabilities (SLD).
 - (b) To identify professional development materials needed for training and technical assistance on the identified research-based information.
 - (c) To identify research-based information on effective practices to prevent disproportionality, consistent with Section 612(a)(24) and Section 618(d) of the federal Individuals with Disabilities Education Act 2004 (IDEA).

The advisory committee may include, but need not be limited to, parents of children with SLD, school district administrators, general education teachers, special education teachers, resource specialists, school psychologists, behavior specialists, representatives from institutions of higher education, representatives of county of-

lices of education, representatives of special education local plan areas, research specialists, and individuals with a recognized expertise in the best practices for providing instruction to children with SLD. The remaining funds shall be available until June 30, 2010, for the State Department of Education to develop materials for training and technical assistance, based on the recommendations of the advisory committee, and disseminate those materials.

48. Of the funds appropriated in this item, \$1,000,000 of one-time federal Title III funds is available on a one-time basis for five years for an independent evaluation administered by the State Department of Education pursuant to the requirements of Chapter 561 of the Statues of 2006.
49. (a) As part of its monitoring of the compliance of a local educational agency (LEA) with the parent involvement provisions of the federal No Child Left Behind Act and the accompanying federal Title I and Title III funds, the State Department of Education shall review the LEA's methods of communicating orally with limited-English-proficient parents and ensure that the LEA is employing methods to ensure effective and timely oral communication with these parents. These methods may include, but are not limited to, the following means of oral communication: hiring or contracting with staff to serve as interpreters, creating regional interpreter pools, hiring bilingual home/school liaisons, investing in interpretation equipment, and any other strategies designed to meet oral interpretation needs to improve parental involvement.
- (b) Of the funds appropriated in this item, \$50,000 in one-time Title III carryover funds are provided for the State Department of Education to review and report on LEAs', including their alternative and court schools, use of the above methods of oral communication with limited-English-proficient parents. As part of its review, the State Department of Education shall: (i) describe the different methods that LEAs utilize to com-

municate orally with parents, in compliance with federal law referenced above, (ii) describe the number and percentage of LEAs that use any of the above oral communication methods to communicate with limited-English-proficient parents, by type of method to the extent data are available, and (iii) identify effective best practices for LEAs to orally communicate with limited-English-proficient parents to improve these parents' involvement and ultimately to improve the academic achievement of their children attending kindergarten through grade 12. The review shall be completed on or before April 15, 2008.

6110-001-3085—For support of Department of Education, for payment to Item 6110-001-0001, payable from the Mental Health Services Fund..... 722,000
Provisions:

- 1. The funds in this item support 3.0 permanent positions and related costs.

6110-001-6044—For support of Department of Education, Program 20.30-Administrative Services to local educational agencies, payable from the 2004 State School Facilities Fund..... 2,629,000
Provisions:

- 1. Funds appropriated by this item are for support of the activities of the School Facilities Planning Division and are to be used exclusively for activities related to local school construction, modernization, and schoolsite acquisition.

6110-002-0001—For support of Department of Education, for rental payments on lease-revenue bonds... 121,000
Schedule:

- (1) Base Rental and Fees..... 115,000
- (2) Insurance..... 6,000

- Provisions:
- 1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
 - 2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the

Joint Legislative Budget Committee pursuant to
Section 4.30.

6110-003-0001—For support of Department of Education, Program 20.30.020-Instructional Support, Standardized Account Code Structure.....	1,252,000
Provisions:	
1. The funds appropriated in this item shall be used only for the direct costs to administer the Standardized Account Code Structure program, to assist any school district or county office of education in financial distress or bankruptcy, to implement the provisions established by Chapter 52 of the Statutes of 2004, to make available standard fiscal, demographic, and performance data to policy decisionmakers, and for indirect costs for those programs at the rate approved by the United States Department of Education.	
6110-005-0001—For support of Department of Education, as allocated by the Department of Education to the State Special Schools, Program 10.60.040....	37,174,000
Schedule:	
(1) 10.60.040-Instruction.....	37,548,000
(a) 10.60.040.001- School for the Blind, Fremont.....	5,398,000
(b) 10.60.040.002- School for the Deaf, Fremont.....	17,240,000
(c) 10.60.040.003- School for the Deaf, Riverside.....	14,910,000
(2) Reimbursements.....	-374,000
Provisions:	
1. The State Special Schools for the Deaf in Fremont and Riverside and the State Special School for the Blind in Fremont shall provide a four-week extended session.	
2. Of the funds appropriated in paragraph (c) of Schedule (1), \$420,000 is for increased utility costs at the California School for the Deaf, Riverside.	
6110-006-0001—For support of Department of Education (Proposition 98), as allocated by the Department of Education to the State Special Schools.....	44,253,000
Schedule:	
(1) 10.60.040-Instruction, State Special Schools.....	49,928,000

<ul style="list-style-type: none"> (a) 10.60.040.001 - School for the Blind, Fremont..... (b) 10.60.040.002 - School for the Deaf, Fremont..... (c) 10.60.040.003 - School for the Deaf, Riverside..... (d) 10.60.040.007-Di- agnostic Centers.... (2) Reimbursements..... Provisions: 1. On or before September 15 of each year, the superintendent of each State Special School shall report to each school district the number of pupils from that district who are attending a State Special School and the estimated payment due on behalf of the district for those pupils pursuant to Section 59300 of the Education Code. The Controller shall withhold from the State School Fund in the first principal apportionment of that fiscal year the amount due from each school district, as reported to the Controller by the Superintendent of Public Instruction. The amount withheld shall be transferred from the State School Fund to this item. The Superintendent of Public Instruction is authorized to adjust the estimated payments required after the close of the fiscal year by reporting to the Controller the information needed to make the adjustment. The payments by the Controller that result from this yearend adjustment shall be applied to the current year. 2. The State Special Schools for the Deaf in Fremont and Riverside and the State Special School for the Blind in Fremont shall provide a four-week extended session. 3. Of the funds appropriated in Schedule (1)(a) of this item, \$88,000 is provided for 1.0 Adapted Physical Education Teaching position. 6110-007-0001—For support of Department of Education, Program 20.20.010-Instructional Materials Management and Distribution—Curriculum Frameworks and Instructional Materials..... 	<p>6,386,000</p> <p>17,147,000</p> <p>14,837,000</p> <p>11,558,000</p> <p>–5,675,000</p> <p>131,000</p>
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Provisions:

1. Funds appropriated by this item shall be used only for direct costs to conduct biennial state adoptions of basic instructional materials pursuant to Section 60200 of the Education Code and for indirect costs for that purpose at the rate approved by the United States Department of Education.

6110-008-0001—For support of Department of Education, as allocated by the Department of Education to the State Special Schools for student transportation allowances..... 2,503,000

Schedule:

- (1) 10.60.040-Instruction—State Special Schools..... 2,503,000

Provisions:

1. Funds appropriated in this item are in lieu of funds that otherwise would be transferred from the General Fund to Section A of the State School Fund in accordance with Sections 14007 and 41301.5 of the Education Code.

6110-009-0001—For support of Department of Education..... 483,000

Schedule:

- (1) 50-State Board of Education..... 536,000
- (2) Reimbursements..... -53,000

Provisions:

1. The amount appropriated in Schedule (1) shall be available for support of the State Board of Education and shall be directed to meet the policy priorities of its members.
 - (a) Of the amount appropriated in this schedule, \$138,000 is allocated for statutory oversight of charter schools approved by the State Board of Education. In addition, the State Department of Education is authorized to receive and expend statutory reimbursements of an amount estimated to be \$138,000 for purposes of overseeing State Board of Education-approved charter schools.

6110-015-0001—For support of Department of Education, Program 20.20.020-Instructional Materials Management and Distribution..... 519,000

Provisions:

1. Funds appropriated in this item are for transfer by the Controller to the State Instructional Materials Fund, for allocation during the 2007–08

fiscal year pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33 of the Education Code. These funds shall be transferred in amounts claimed by the Department of Education, for direct disbursement by the Department of Education from the State Instructional Materials Fund.

6110-021-0001—For support of Department of Education, Program 30.20.005-Child Nutrition—Nutrition Education Projects..... 72,000

6110-101-0231—For local assistance, Department of Education, Program 20.10.045-Instructional Support, Curriculum Services—Health and Physical Education—Drug Free Schools, for county offices of education, payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund, pursuant to Article 1 (commencing with Section 104435) of Chapter 1 of Part 3 of the Health and Safety Code..... 3,106,000

6110-101-0349—For local assistance, Department of Education, Program 20.90-Instructional Support, for allocation to the Fiscal Crisis and Management Assistance Team for the purpose of administering the California School Information Services (CSIS) Program, payable from the Educational Telecommunication Fund..... 1,225,000

Provisions:

1. Notwithstanding Section 10554 of the Education Code, the Controller shall transfer from the General Fund the actual amount certified by the Superintendent of Public Instruction as reductions made to apportionments in the 2006–07 fiscal year for repayments of prior year excess apportionments identified pursuant to audit or audit settlements identified as a result of audit investigations, or inquiries.
2. Of the funds appropriated in this item, \$828,000 is to be provided to non-CSIS participating school districts for support of maintenance of individual student identifiers.

6110-101-0620—For local assistance, Department of Education, payable from the Child Care Facilities Revolving Fund..... 17,713,000

Provisions:

1. Notwithstanding any other provision of law, of the funds provided in this item, \$12,312,000

shall be available for CalWORKs Stage 2 child care during the 2007–08 fiscal year.

- 2. Notwithstanding any other provision of law, from the remaining funds, \$5,401,000 shall be available for CalWORKs Stage 3 child care during the 2007–08 fiscal year.

6110-102-0231—For local assistance, Department of Education, Program 20.10.045-Instructional Support, Curriculum Services Health and Physical Education, Drug Free Schools, for local assistance, payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund, pursuant to Article 1 (commencing with Section 104350) of Chapter 1 of Part 3 of Division 103 of the Health and Safety Code..... 18,998,000

Provisions:

- 1. On or before June 1, 2008, the State Department of Education shall report to the Joint Legislative Budget Committee on the amount of Tobacco-Use Prevention Education funds that it intends to transfer from the competitive grades 9–12 program to the formula grades 4–8 program in the 2007–08 fiscal year.

6110-102-0890—For local assistance, Department of Education, Program 20.60.038-Instructional Support, Learn and Serve America Program, payable from the Federal Trust Fund..... 1,964,000

Provisions:

- 1. The funds appropriated in this item include a one-time carryover of \$162,000 that is available for the support of additional service learning activities during the 2007–08 fiscal year.

6110-103-0001—For local assistance, Department of Education (Proposition 98), Program 10.10.001.005-School Apportionments, for transfer to Section A of the State School Fund, for the purposes of Section 8152 of the Education Code..... 12,763,000

Provisions:

- 1. Notwithstanding Section 8154 of the Education Code, or any other provision of law, the funds appropriated in this item shall be the only funds available for and allocated by the Superintendent of Public Instruction for the apprenticeship programs operated by school districts and county offices of education.
- 2. Notwithstanding Section 8152 of the Education Code, each 60-minute hour of teaching time de-

voted to each indentured apprentice enrolled in and attending classes of related and supplemental instruction as provided under Section 3074 of the Labor Code shall be reimbursed at the rate of \$5.06 per hour. For purposes of this provision, each hour of teaching time may include up to 10 minutes for passing time and breaks.

3. No school district or county office of education shall use funds allocated pursuant to this item to offer any new or expanded apprenticeship program unless the program has been approved by the Superintendent of Public Instruction.
4. The Superintendent of Public Instruction shall report to the Department of Finance and the Legislature not later than February 1, 2008, on the amount of funds expended for and the hours of related and supplemental instruction offered in the apprenticeship program during the 2006–07 fiscal year, with information to be provided by the school district, county office of education, program sponsor, and trade. Expenditure information shall distinguish between direct and indirect costs, including administrative costs funded for the State Department of Education, school districts, and county offices of education. In addition, the report shall identify the hours of related and supplemental instruction proposed for the 2006–07 and 2007–08 fiscal years by the school district, county office of education, program sponsor, and trade. As a condition of receiving funds for the apprenticeship programs, school districts, county offices of education, and regional occupational centers and programs shall report to the Superintendent of Public Instruction the information necessary for the completion of this report.
5. Notwithstanding Article 8 (commencing with Section 8150) of Chapter 1 of Part 6 of the Education Code, or any other provision of law, the total number of hours eligible for state reimbursement in apprenticeship programs operated by school districts and county offices of education shall be limited to an amount equal to the amount of the total appropriation made in this item divided by the hourly rate specified in Provision 2. The Superintendent of Public Instruction shall have the authority to determine

which apprenticeship programs and which hours offered in those programs are eligible for reimbursement.

- 6. An additional \$6,227,000 in expenditures for this item has been deferred until the 2008–09 fiscal year.
- 7. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.
- 8. Of the amount appropriated in this item, \$823,000 is provided for a cost-of-living adjustment of 4.53 percent.

6110-103-0890—For local assistance, Department of Education, Program 40.20.030.003-Robert C. Byrd Honors Scholarship Program, payable from the Federal Trust Fund..... 5,241,000

6110-104-0001—For local assistance, Department of Education (Proposition 98), Program 10.10.011-School Apportionments—Remedial Supplemental Instruction Programs, for transfer to Section A of the State School Fund, for supplemental instruction and remedial programs..... 330,672,000

Schedule:

- (1) 10.10.011.008-School Apportionments, for Supplemental Instruction, Remedial, Grades 7–12 for the purposes of Section 37252 of the Education Code..... 188,405,000
- (2) 10.10.011.009-School Apportionments, for Supplemental Instruction, Retained, or Recommended for Retention, Grades 2–9 for the purposes of Section 37252.2 of the Education Code, as applicable..... 45,508,000
- (3) 10.10.011.010-School Apportionments, for Supplemental Instruction, Low STAR-Grades 2–6 for the purpose of Section 37252.8 of the Education Code..... 17,411,000
- (4) 10.10.011.011-School Apportionments, for Supplemental Instruction, Core Academic K–12 for the purposes of Section 37253 of the Education Code..... 79,348,000

Provisions:

- 1. Notwithstanding any other provision of law, for the 2007–08 fiscal year, the Superintendent of

Public Instruction shall allocate a minimum of \$8,715 for supplemental summer school programs in each school district for which the prior fiscal year enrollment was less than 500 and that, in the 2007–08 fiscal year, offers at least 1,500 hours of supplemental summer school instruction. A small school district, as described above, that offers less than 1,500 hours of supplemental summer school offerings shall receive a proportionate reduction in its allocation. For the purpose of this provision, supplemental summer school programs shall be defined as programs authorized under paragraph (2) of subdivision (f) of Section 42239 of the Education Code as it read on July 1, 1999.

2. Notwithstanding any other provision of law, for the 2007–08 fiscal year, the maximum reimbursement to a school district or charter school for the program listed in Schedule (4) shall not exceed 5 percent of the district's or charter school's enrollment multiplied by 120 hours, multiplied by the hourly rate for the 2007–08 fiscal year.
3. Notwithstanding any other provision of law, the rate of reimbursement shall be \$4.08 per hour of supplemental instruction.
4. Notwithstanding any other provision of law, if the funds in this item are insufficient to fund otherwise valid claims, the Superintendent of Public Instruction shall adjust the rates to conform to available funds.
5. Of the funds appropriated in this item, \$18,235,000 is for the purpose of providing a cost-of-living adjustment of 4.53 percent.
6. The funding appropriated in this item shall be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of the Government Code for any reimbursable mandated cost claim for implementing Section 37252.2 of the Education Code. Local educational agencies accepting funding from this item shall reduce their estimated and actual mandated reimbursement claims by the amount of funding provided to them from this item.
7. Notwithstanding any other provision of law, an additional \$90,117,000 in expenditures for this item has been deferred until the 2008–09 fiscal year.

6110-105-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, for the purposes of Article 1 (commencing with Section 52300) of Chapter 9 of Part 28 of the Education Code..... 446,026,000
Schedule:

(1) 10.10.004-Instruction Program—
School Apportionments, Regional
Occupational Centers and Pro-
grams..... 453,343,000

(2) Reimbursements..... -7,317,000
Provisions:

1. Notwithstanding any other provision of law, the funds appropriated in this item are for transfer by the Controller to Section A of the State School Fund, in lieu of the amount that otherwise would be appropriated for transfer from the General Fund in the State Treasury to Section A of the State School Fund for the 2007–08 fiscal year pursuant to Sections 14002 and 14004 of the Education Code, in an amount as needed for apportionment pursuant to Article 1 (commencing with Section 52300) of Chapter 9 of Part 28 of the Education Code.
2. Funds appropriated in this item shall be apportioned by the Superintendent of Public Instruction pursuant to Article 1.5 (commencing with Section 52335) of Chapter 9 of Part 28 of the Education Code.
3. Because Chapter 482 of the Statutes of 1984 was chaptered after Chapter 268 of the Statutes of 1984, the Legislature’s intent regarding the eligibility of regional occupational centers and programs for incentive funding for a longer instructional year under Section 46200 of the Education Code was not carried out. It is the intent of the Legislature that regional occupational centers and programs not be eligible for that incentive funding.

Notwithstanding any other provision of law, the funds appropriated in this item may not be expended for the purposes of providing or continuing incentive funding for a longer instructional year pursuant to Section 46200 of the Education Code.

4. Notwithstanding any other provision of law, funds appropriated in this item for average daily

attendance (ADA) generated by participants in welfare-to-work activities under the CalWORKS program established in Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code may be appropriated on an advance basis to local educational agencies based on anticipated units of ADA if a prior application for this additional ADA funding has been approved by the Superintendent of Public Instruction.

- 5. Of the amount appropriated in this item, \$1,161,000 is to fund remedial educational services for participants in welfare-to-work activities under the CalWORKS program.
- 6. Of the funds appropriated in this item, \$7,001,000 is provided for increases in average daily attendance at a rate of 1.53 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$21,047,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.
- 7. An additional \$39,630,000 in expenditures for this item has been deferred until the 2008–09 fiscal year.

6110-107-0001—For local assistance, Department of Education (Proposition 98), Program 10.10-County Offices of Education Fiscal Oversight..... 11,680,000

Schedule:

- (1) 10.10.002-COE Oversight..... 5,719,000
- (2) 10.10.005-FCMAT..... 3,409,000
- (3) 10.10.012-FCMAT: CSIS..... 250,000
- (4) 10.10.013-Audit Appeal Panel..... 55,000
- (5) 10.10.015-Interim Reporting..... 1,050,000
- (6) 10.10.016-Staff Development..... 1,197,000

Provisions:

- 1. Funds appropriated in Schedule (1) are for the purposes provided in paragraph (1) of subdivision (a) of Section 29 of Chapter 1213 of the Statutes of 1991.
- 2. Funds appropriated in Schedule (1) may be used by county offices of education for activities including, but not limited to, conducting reviews, examinations, and audits of districts and providing at least annual written notifications regarding the fiscal solvency of districts under fiscal dis-

dress, pursuant to Section 42127.6 of the Education Code, or of districts with disapproved budgets, or qualified or negative certifications. Written notifications regarding review, examination, and audit results shall be provided at least annually to the district governing board, the Superintendent of Public Instruction, the Director of Finance, and the Office of the Secretary for Education.

3. Funds appropriated in this item shall be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of the Government Code for any reimbursable mandated cost claim for school district and county office of education fiscal accountability reporting. Local educational agencies accepting funding from this item shall reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from this item.
4. Of the funds appropriated in Schedule (2):
 - (a) \$2,741,000 shall be allocated by the Controller directly to a county office of education selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee Fiscal Crisis and Management Assistance Team (FCMAT) responsibilities with respect to these funds and to meet the costs of participation under Section 42127.8 of the Education Code.
 - (b) \$250,000 shall be available to develop and implement the activities of regional teams of fiscal experts to assist districts in fiscal distress.
 - (c) \$418,000 shall be allocated to FCMAT for the purpose of providing, through computer technology, financial and demographic information that is interactive and immediately accessible to all local educational agencies to assist them in their decisionmaking process. To ensure a completely integrated system, this computer information should be developed in collaboration with the State Department of Education, and should be compatible with the hardware and software of the State Department of Education, so that this information may also assist state-level policymakers in making comparable

standardized financial information available to the local educational agencies and the public.

5. Of the funds appropriated in Schedule (3), \$250,000 shall be available to the Fiscal Crisis and Management Assistance Team to pay for project management services for the California School Information Services (CSIS) Program. These funds shall be used to supplement and not supplant other CSIS funds available for project management services.
6. Funds appropriated in Schedule (4) are for the additional staff and resources needed for the Fiscal Crisis and Management Assistance Team to ensure that timely resolution of audit findings is achieved pursuant to the directives of Section 41344 of the Education Code.
7. Of the funds appropriated in Schedule (5):
 - (a) \$150,000 shall be available for no more than a 25-percent state reimbursement to county offices of education for fiscal oversight of school districts with audit exceptions, districts with qualified or negative interim reports, districts that may be unable to meet financial obligations for the current or subsequent fiscal years, or districts with disapproved budgets.
 - (b) Up to \$900,000 of the funds may be used to fully reimburse county office of education activities for extraordinary costs of audits, examinations, or reviews of any school district or charter school in cases where fraud, misappropriation of funds or other illegal fiscal practices require review by the county offices of education, pursuant to Section 2 of Chapter 620 of the Statutes of 2001 and Section 1 of Chapter 357 of the Statutes of 2005. The State Board of Education may request any county superintendent of schools to initiate such an audit, examination, or review for any charter school or all-charter district for which the board has oversight responsibility. Allocation of the funds shall be administered by the Fiscal Crisis and Management Assistance Team on a reimbursement basis. All reimbursements shall be subject to the approval of both the Depart-

ment of Finance and the State Department of Education.

8. The amount appropriated in Schedule (5) shall remain available for expenditure for the 2007–08 and 2008–09 fiscal years. Any unexpended balance as of September 1, 2008, shall be available until July 30, 2009, for the following, in order of descending priority:
 - (a) Any review or audit jointly requested by the State Department of Education and the Department of Finance, to be conducted by a county superintendent of schools in cases where fraud, misappropriation of funds, or other illegal fiscal practices are suspected.
 - (b) Staff development pursuant to Provision 10.
 - (c) Regional assistance teams developed pursuant to Provision 4(b).
9. Notwithstanding Section 26.00, the funds appropriated in this item shall be allocated in accordance with the above schedule unless a revision to the allocations contained herein has been approved by the Department of Finance. The Department of Finance may not authorize any such revision sooner than 30 days after notification in writing of the necessity to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.
10. Of the funds appropriated in Schedule (6):
 - (a) \$854,000 is for the purpose of providing staff development to local educational agency school finance and business personnel, as provided in Section 42127.8 of the Education Code. Funds appropriated in Schedule (6) shall be allocated by the Controller directly to a county office of education selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee the Fiscal Crisis and Management Assistance Team’s responsibilities with respect to these funds.
 - (b) \$343,000 of the funds appropriated in Schedule (6) is for the purpose of providing training that shall be developed and facilitat-

ed pursuant to Section 42127.8 of the Education Code to increase school district and school-level capacity to implement and manage site-based budgeting and decision-making governance structures.

- 11. Notwithstanding any other provision of law, funds appropriated in Schedules (1), (2), (4), (5), and (6) to a county office of education selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee Fiscal Crisis and Management Assistance Team responsibilities shall be allocated by the Controller directly to that county office of education as soon as possible but no later than 60 days after the enactment of the Budget Act. Funds appropriated in this item shall not be subject to grant allocation or review processes on the part of the State Department of Education nor the Superintendent of Public Instruction. The county office of education that receives these funds shall annually provide a report detailing past year expenditures, identifying the local educational agencies (LEA) assisted with these funds and a summary of progress for each. Additionally, the report shall identify a plan for the proposed uses of the allocations in this item, identifying estimated expenditures for each LEA anticipated to be served. This report shall be submitted to the State Department of Education and to the Department of Finance by October 1, 2007.

6110-108-0001—For local assistance, Department of Education (Proposition 98), the Supplemental School Counseling Program, established pursuant to Article 4.5 (commencing with Section 52378) of Chapter 9 of Part 28 of the Education Code..... 209,060,000
Provisions:

- 1. Of the funds appropriated in this item, \$9,060,000 is for the purpose of providing a cost-of-living adjustment of 4.53 percent. Dollar amounts cited in subdivision (a) of Section 52379 of the Education Code shall be adjusted to reflect this cost-of-living adjustment.

6110-111-0001—For local assistance, Department of Education (from the Public Transportation Account, State Transportation Fund), for transfer to Section A of the State School Fund, Home to School Transportation, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of the Education Code, and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of the Education Code.....	577,131,000
Schedule:	
(1) 10.10.006-Pupil Transportation....	571,359,000
(2) 10.10.008-Small School District Bus Replacement.....	5,772,000
Provisions:	
1. Of the funds appropriated in this item, \$27,290,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 4.53 percent.	
2. An additional \$52,583,000 in expenditures for this item has been deferred until the 2008–09 fiscal year.	
6110-112-0890—For local assistance, Department of Education, Program 20.60.036-Public Charter Schools, payable from the Federal Trust Fund.....	21,446,000
6110-113-0001—For local assistance, Department of Education (Proposition 98), for purposes of California’s pupil testing program.....	83,003,000
Schedule:	
(1) 20.70.030.005-Assessment Review and Reporting.....	2,313,000
(2) 20.70.030.006-STAR Program.....	60,004,000
(3) 20.70.030.007-English Language Development Assessment.....	9,741,000
(4) 20.70.030.008-High School Exit Examination.....	10,945,000
(5) 20.70.030.015-California High School Proficiency Examination....	1,144,000
(6) Reimbursements.....	-1,144,000
Provisions:	
1. The funds appropriated in this item shall be for the pupil testing programs authorized by Chapter 3 (commencing with Section 48400), Chapter 5 (commencing with Section 60600), Chapter 6 (commencing with Section 60800), Chapter 7 (commencing with Section 60810), and Chapter	

- 9 (commencing with Section 60850) of Part 33 of the Education Code.
2. The funds appropriated in Schedule (2) are provided for approved contract and district apportionment costs for the development and administration of the California Standards Test, the national Norm-Referenced Test, the Standards-Based Test in Spanish, the California Alternate Performance Assessment, the Designated Primary Language Test, and the California Modified Assessment, as part of the STAR Program.
 3. The funds appropriated in Schedule (3) shall be available for approved contract costs and apportionment costs for administration of the California English Language Development Test (CELDT) meeting the requirements of Chapter 7 (commencing with Section 60810) of Part 33 of the Education Code. Incentive funding of \$5 per pupil is provided for district apportionments for the CELDT. As a condition of receiving these funds, school districts must agree to provide information determined to be necessary to comply with the data collection and reporting requirements of the federal No Child Left Behind Act of 2001 (P.L. 107-110) regarding English language learners by the State Department of Education (SDE).
 4. The funds appropriated in Schedule (4) include funds for approved contract costs and apportionment costs for the administration of the California High School Exit Examination (CAHSEE) pursuant to Chapter 9 (commencing with Section 60850) of Part 33 of the Education Code. The State Board of Education shall establish the amount of funding to be apportioned to school districts for the CAHSEE. The amount of funding to be apportioned per test shall not be valid without the approval of the Department of Finance.
 5. The funds appropriated in Schedule (4) shall be used for seven annual administrations of the CAHSEE. Grade 12 students may take up to five administrations of the exam, grade 11 students may take up to two, and grade 10 students are required to take one.
 6. It is the intent of the Legislature that the SDE develop a plan to streamline existing programs

to eliminate duplicative tests and minimize the instructional time lost to test administration. The SDE shall ensure that all statewide tests meet industry standards for validity and reliability.

- 7. Funds provided to local educational agencies from Schedules (2), (3), and (4) shall first be used to offset any state-mandated reimbursable costs within the meaning of Section 17556 of the Government Code, that otherwise may be claimed through the state mandates reimbursement process for the STAR Program, the CELDT, and the CAHSEE. Local educational agencies receiving funding from these schedules shall reduce their estimated and actual mandated reimbursement claims by the amount of funding provided to them from these schedules.

6110-113-0890—For local assistance, Department of Education-Title VI Flexibility and Accountability, payable from the Federal Trust Fund..... 32,828,000

Schedule:

- (1) 20.60.030.030-Instructional Support: Alternative Schools Accountability Model..... 775,000
- (2) 20.70.030.005-Instructional Support: Assessment Review and Reporting..... 600,000
- (3) 20.70.030.006-Instructional Support: STAR Program..... 8,715,000
- (4) 20.70.030.007-Instructional Support: English Language Development Test..... 11,856,000
- (5) 20.70.030.008-Instructional Support: High School Exit Examination..... 10,508,000
- (6) 20.70.030.029-Instructional Support: High School Exit Examination: Evaluation of Instruction..... 374,000

Provisions:

- 1. Funds appropriated in Schedule (1) are provided for the continued development of the Alternative Schools Accountability Model to include alternative schools within the state’s system of accountability.
- 2. Funds appropriated in Schedule (3) are provided for approved contract and district apportionment costs for the development and administration of the California Standards Test, the national

Norm-Referenced Test, the Standards-Based Test in Spanish, the California Modified Assessment, the California Alternate Performance Assessment (CAPA), and the Designated Primary Language Test, as part of the STAR Program. District apportionments for the CAPA shall be \$5 per pupil.

3. The funds appropriated in Schedule (4) shall be available for approved contract and apportionment costs for administration of the California English Language Development Test, consistent with the requirements of Chapter 7 (commencing with Section 60810) of Part 33 of the Education Code and Provision 3 of Item 6110-113-0001.
4. Funds appropriated in Schedule (5) are provided for approved contract and district apportionment costs related to the California High School Exit Examination, to be used consistent with Provision 4 of Item 6110-113-0001.
5. Funds appropriated in Schedule (6) are for an evaluation of instruction in the standards covered by the California High School Exit Examination in order to determine the progress of middle schools and high schools in implementing instruction and curriculum aligned to those standards.
6. Funds appropriated in Schedule (2) are for providing local educational agencies information regarding federal requirements associated with assessments.
7. Funds provided to local educational agencies from Schedules (3), (4), and (5) shall first be used to offset any state-mandated reimbursable cost, within the meaning of subdivision (e) of Section 17556 of the Government Code, that otherwise may be claimed through the state mandates reimbursement process for the STAR Program, the California English Language Development Test, the California High School Exit Examination, and the California Alternate Performance Assessment. Local educational agencies receiving funding from these schedules shall reduce their estimated and actual mandated reimbursement claims by the amount of funding provided to them from these schedules.
9. Of the funds appropriated in Schedule (4), \$1,400,000 is available from one-time Title III carryover funds for the development, pursuant

to legislation effective on or before January 1, 2008, of reading and writing assessments for English language learners in kindergarten and grade 1 to comply with the federal No Child Left Behind Act of 2001 (P.L. 107-110) which requires assessments of English proficiency to include an assessment of pupil progress in attaining English reading and writing skills.

10. Of the funds appropriated in Schedule (3), \$150,000 allocated pursuant to Title VI of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 7301 et seq.) is available from one-time carryover funds to augment a provision in the current STAR contract to conduct a pilot study of academic growth measures using existing longitudinal data of selected grades and content areas. The State Department of Education (SDE) shall first use any available funds in Schedule (3) after normal STAR contract costs are satisfied for this study. If sufficient funds are not available in Schedule (3) from STAR contract savings, the Title VI carryover funds may be used.

It is the intent of the Legislature to authorize and direct the State Board of Education (SBE), in conjunction with the SDE, to expand this study to evaluate multiple approaches for measuring individual pupil annual growth on the state standards. Prior to commencement of the study, the SBE shall convene a meeting to provide information regarding the proposal to SBE staff, SDE staff, interested legislative staff, the office of the Secretary for Education (OSE), the Department of Finance, and the Legislative Analyst's Office (LAO).

The study shall consider pupil cohorts by selected grade level as well as pupil subgroups as defined in Section 60643 of the Education Code. The results of this study shall provide: (a) guidance on the utility of studied growth models to meet state and federal accountability requirements, (b) guidance on the ease of understanding and communicating the meaning of studied growth measures to parents, educators, policy-makers, and pupils, (c) potential cost impacts of the studied growth measures, and (d) guidance on the use of studied growth measures in evalu-

ating individual pupil longitudinal data after the implementation of the California Longitudinal Pupil Advancement Data System. The results of this study will not affect the current performance measures or standards already in place in California. The SDE and SBE staff shall review the results of the evaluation and prepare a report to the appropriate policy and fiscal committees of the Legislature, the SBE, the OSE, the Department of Finance, and the LAO not later than May 1, 2008.

6110-117-0001—For local assistance, State Department of Education, Program 10.70-Vocational Education, in lieu of the amount that otherwise would be appropriated pursuant to subdivision (b) of Section 19632 of the Business and Professions Code..... 514,000

Provisions:

- 1. Of the funds appropriated by this item, \$50,000 shall be available to support the California Association of Student Councils.

6110-119-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.40.060-Educational Services for Foster Youth pursuant to Chapter 11.3 (commencing with Section 42920) of Part 24 of Division 3 of Title 2 of the Education Code..... 18,992,000

Provisions:

- 1. Of the funds appropriated in this item, \$823,000 is to provide a cost-of-living adjustment at a rate of 4.53 percent.
- 2. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.

6110-119-0890—For local assistance, Department of Education, for Program 10.30.060.002—Title I Program for Neglected and Delinquent Children, payable from the Federal Trust Fund..... 2,783,000

6110-122-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.40.090-Specialized Secondary Programs, pursuant to Chapter 6 (commencing with Section 58800) of Part 31 of the Education Code..... 6,155,000

Provisions:

- 1. Of the funds appropriated in this item, \$1,500,000 shall be allocated to Specialized

Secondary Programs established pursuant to Chapter 6 (commencing with Section 58800) of Part 31 of the Education Code prior to the 1991–92 fiscal year that operate in conjunction with the California State University.

- 2. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.
- 3. Of the amount appropriated in this item, \$267,000 is provided for a cost-of-living adjustment of 4.53 percent.

6110-123-0001—For local assistance, Department of Education (Proposition 98), for implementation of the Public Schools Accountability Act, pursuant to Chapter 6.1 (commencing with Section 52050) of Part 28 of the Education Code..... 47,209,000

Schedule:

- (1) 20.60.030.034-High Priority Schools Grant Program..... 41,209,000
- (2) 20.60.030.036-Corrective Actions..... 6,000,000

Provisions:

- 1. Funds appropriated in Schedule (1) are provided solely for the purpose of implementing the High Priority Schools Grant Program pursuant to Article 3.5 (commencing with Section 52055.600) of Chapter 6.1 of Part 28 of the Education Code. Of these funds, \$10,000,000 or whatever greater or lesser amount is necessary, shall be available to support schools working with school assistance and intervention teams or schools subject to state sanctions by the Superintendent of Public Instruction as part of the High Priority Schools Grant Program or the Immediate Intervention/Underperforming Schools Program.
- 2. Pursuant to Chapter 1020 of the Statutes of 2002, the funds appropriated in Schedule (2) shall, upon approval by the State Board of Education, be available to support non-Title I schools working with school assistance and intervention teams or non-Title I schools subject to state or federal sanctions by the Superintendent of Public Instruction as part of the Immediate Intervention/Underperforming Schools Program or the federal No Child Left Behind Act of 2001 (P.L. 107-110).

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6110-123-0890—For local assistance, Department of Education, 20.60.030.035-Innovative Programs, Title V-ESEA, payable from the Federal Trust Fund.....		10,870,000
Provisions:		
1. The funds appropriated in Schedule (1) are available for local educational agencies and shall be used for innovative assistance programs pursuant to Section 5131 of Title V of Part A of the federal No Child Left Behind Act of 2001 (P.L. 107-110).		
6110-124-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.80.010-Gifted and Talented Pupil Program established pursuant to Chapter 8 (commencing with Section 52200) of Part 28 of the Education Code.....		51,340,000
Provisions:		
1. An additional \$4,294,000 in expenditures for this purpose has been deferred to the 2008–09 fiscal year.		
2. Of the funds appropriated in this item, \$2,411,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.		
3. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.		
6110-125-0001—For local assistance, Department of Education (Proposition 98).....		63,600,000
Schedule:		
(1) 10.40.030.004-Refugee Children School Grant Program.....		1,649,000
(2) 20.10.006-English Language Acquisition Program, pursuant to Chapter 4 (commencing with Section 400) of Part 1 of the Education Code.....		63,600,000
(3) Reimbursements.....		-1,649,000
Provisions:		
1. Of the funds appropriated in this item, \$2,756,000 is to provide a cost-of-living adjustment at a rate of 4.53 percent.		
2. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.		
6110-125-0890—For local assistance, Department of Education, payable from the Federal Trust Fund....		297,443,000

Schedule:

(1) 10.30.010-Title I, Migrant Education..... 133,065,000

(3) 20.10.004-Title III, Language Acquisition..... 164,378,000

Provisions:

1. Of the funds appropriated in Schedule (1), the Department of Education shall use no less than \$6,500,000 and up to \$7,100,000 for the California Mini-Corps Program.
2. Of the funds appropriated in Schedule (1), \$3,600,000 is provided in one-time carryover funds to support the existing program.
3. Of the funds appropriated in Schedule (3), \$1,900,000 is provided in one-time carryover funds to support the existing program.

6110-126-0890—For local assistance, Department of Education, Program 20.60.290-Instructional Support, Title I, Part B of the federal Elementary and Secondary Education Act (Reading First program) payable from the Federal Trust Fund..... 170,474,000

Provisions:

1. The funds appropriated in this item are provided pursuant to Article 1 (commencing with Section 51700) of Chapter 5 of Part 28 of the Education Code.
2. Of the funds appropriated in this item, \$6,650,000 shall be available for Reading First's statewide and regional infrastructure, including its six Regional Technical Assistance Centers.
3. By May 1, 2008, the State Department of Education shall provide the Legislature with all of the following: (a) the number of school districts receiving grants, (b) the number of K-3 teachers funded, (c) the number of K-12 special education teachers served, and (d) the average per-teacher grant amount.
4. By May 1, 2008, the State Department of Education shall provide the Legislature with the following: (a) the number and percentage of all K-12 special education teachers in Reading First schools receiving Reading First professional development for each year, 2001-02 through 2005-06, and (b) the number and percentage of all K-12 special education classes in Reading First schools that have appropriate reading materials purchased using the state's instructional

materials program as set forth in Article 3 (commencing with Section 60240) of Chapter 2 of Part 33 of the Education Code.

5. Of the funds appropriated in this item, \$34,900,000 is available over three years, unless otherwise prohibited under federal law, for a pilot project to encourage professional development in reading for special education teachers. To receive funding, districts must submit to the State Department of Education (SDE) a proposal that describes the professional development to be provided, estimates the number of special education teachers to be served, and offers assurances that it will provide program data to an external evaluator. Proposals may contain components designed to support teacher training and student learning, including the use of student assessments, teacher assessments, classroom materials, reading coaches, and external resource specialists. Districts shall receive a minimum of \$6,500 per teacher per year. To the extent that districts need additional funding to fully implement their proposals, up to \$8,000 per teacher per year may be authorized by submitting a plan that justifies the need for the additional funding, to be approved jointly by the SDE and the Department of Finance. The SDE shall score each proposal based on the quality of its professional development plan, with first priority given to special education teachers in eligible Reading First districts that have not yet received Reading First funding and second priority given to special education teachers within already participating Reading First districts that have yet to receive professional development in reading. No district shall receive more than 12.5 percent of available funding. The three-year grants shall be for training special education teachers in the use of standards-aligned instructional strategies and materials designed to help special education students in grades K–12 achieve mastery of state performance expectations in Reading and Language Arts. Up to \$750,000 each year may be used for state and regional administration, support, and technical assistance. Prior to receiving this funding, the SDE, in consultation with the California Technical Assistance Center, shall

submit an expenditure plan to the Department of Finance for review and approval. A total of \$500,000 is set aside for the SDE to contract for an external evaluation of the three-year pilot project.

- 6. Of the funds appropriated in this item, \$140,000 is for the State Department of Education to enhance its contract for a year-six external evaluation of the federal Reading First program. The enhancements shall include a survey of all school districts eligible for the federal Reading First program. The survey shall solicit feedback regarding reasons why school districts chose to participate or not participate in the program. For both types of school districts, the survey also shall solicit information on other professional development and reading intervention programs, including programs designed for special education pupils and teachers, that are being implemented locally. For school districts participating in the Reading First program, the survey shall solicit feedback on what districts found to be the greatest benefit of the program for pupils. For school districts not participating in the program, the survey shall solicit feedback on the types of instructional approaches and intervention strategies these districts think would be most effective at improving the reading achievement of K-3 and special education pupils. The survey also shall solicit specific feedback from school districts not participating in the program on changes they think would improve the program. In addition to analyzing the survey data, the evaluator's report shall compare reading scores on state standardized assessments for participating and nonparticipating school districts. The department shall submit the evaluator's report to the Legislature no later than April 15, 2008.

6110-128-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.30.070-Economic Impact Aid..... 994,279,000

Schedule:

- (1) 10.30.070.001-Article 2 (commencing with Section 54020) of Chapter 1 of Part 29 of the Education Code..... 994,279,000

Provisions:

- 2. Of the funds appropriated in this item, \$43,089,000 is to provide a cost-of-living adjustment at a rate of 4.53 percent.
- 4. On or before January 1, 2008, the State Department of Education shall report to the Legislature and the administration on data specific to English learners and economically disadvantaged students, including data from the results of the California Standards Tests, the California English Language Development Test, and the California High School Exit Examination.

6110-130-0001—For local assistance, Department of Education, Program 20.60.100-Advancement Via Individual Determination..... 9,035,000

Provisions:

- 1. Of the funds appropriated, \$1,300,000 is available for administration of the Advancement Via Individual Determination (AVID) centers.

6110-134-0890—For local assistance, Department of Education, payable from the Federal Trust Fund.... 77,900,000

Schedule:

- (1) 10.30.006-Statewide System of School Support..... 10,000,000
- (3) 10.30.008-SAIT Corrective Actions..... 20,000,000
- (4) 10.30.005-Program Improvement.... 23,800,000
- (5) 10.30.009-Program Improvement—Local Educational Agencies..... 17,000,000
- (7) 10.30.013-District Assistance and Intervention Teams..... 7,100,000

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 Schools Accountability Act of 1999, 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. The funds appropriated in Schedule (1) shall be available for the purposes established by Article 4.2 (commencing with Section 52059) of Chapter 6.1 of Part 28 of the Education Code.

- 4. The funds appropriated in Schedule (3) shall be made available to provide \$150 per pupil pursuant to Section 52055.54 of the Education Code 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.
- 6. The State Department of Education shall provide to the Legislature, the Legislative Analyst’s Office, and the Department of Finance, a letter by April 15, 2008, reporting expenditures and anticipated savings for each schedule, based on available information.
- 9. The funds appropriated in Schedule (7) shall be available, pursuant to subdivision (c) of Section 52055.57 of the Education Code, for local educational agencies in corrective action to contract with district assistance and intervention teams.
- 10. Schedule (4) reflects carryover funding that is being set aside in anticipation of an increase in the number of Program Improvement schools and districts in the 2008–09 fiscal year. The moneys, however, may be programmed pursuant to legislation enacted in the 2007–08 Regular Session.

6110-136-0890—For local assistance, Department of Education, payable from the Federal Trust Fund.... 1,632,152,000
Schedule:

- (1) 10.30.060-Title I-ESEA..... 1,608,337,000
- (2) 10.30.065-McKinney-Vento Homeless Children Education..... 7,311,000
- (4) 10.30.030-Title I-Even Start Program..... 16,504,000

Provisions:

- 7. Of the funds appropriated in Schedule (4), \$5,000,000 is provided in one-time carryover funds to support the Even Start program.
- 8. Of the funds appropriated in Schedule (1), \$12,000,000 is provided in one-time carryover funds to support the existing program.

6110-137-0001—For local assistance, Department of Education, (Proposition 98), for transfer to Section A of the State School Fund, Program 20.60.260—Instructional Support, Mathematics and Reading Professional Development Program..... 56,728,000

Provisions:

1. The funds appropriated in this item shall be for allocation to local educational agencies that participate in the Mathematics and Reading Professional Development Program established pursuant to Article 3 (commencing with Section 99230) of Chapter 5 of Part 65 of the Education Code.
2. Within 30 days of the enactment of this act, the Superintendent of Public Instruction shall calculate the percentage of teachers eligible for funding based on the funds appropriated in this item. Prior to notifying local educational agencies of this percentage, the Superintendent of Public Instruction shall submit the calculation to the Department of Finance for verification.
3. Of the funds appropriated in this item, \$25,000,000 is to provide professional development to address the needs of teachers of English learners pursuant to Chapter 524 of the Statutes of 2006.

6110-137-0890—For local assistance, Department of Education, Program 20.10.005-Rural and Low Income Schools Grant, payable from the Federal Trust Fund..... 1,118,000

6110-140-0001—For local assistance, Department of Education (Proposition 98), Program 20-Instructional Support..... 5,094,000

Schedule:

- | | |
|--|-----------|
| (1) 20.80.001-Student Friendly Services..... | 500,000 |
| (2) 20.90.001.020-California School Information Services Administration..... | 4,444,000 |
| (3) 20.90.001.030-California School Information Services Administration Independent Project Oversight..... | 150,000 |

Provisions:

1. The Superintendent of Public Instruction shall allocate the funds appropriated in Schedule (1) for the Student Friendly Services program.
2. The funds appropriated in Schedule (2) shall be for allocation to the Fiscal Crisis and Management Assistance Team for costs associated with administration of the California School Information Services project.

3. The Superintendent of Public Instruction shall allocate the funds appropriated in Schedule (3) to the Sacramento County Office of Education, which shall use the funds to contract for independent project oversight of the California School Information Services (CSIS) program. The independent project oversight shall include the submission of quarterly project reports on the progress of the CSIS program to the Legislature, the Department of Finance, the Superintendent of Public Instruction, the State Board of Education, the Governor, the Legislative Analyst's Office, and the Fiscal Crisis and Management Assistance Team for the duration of the program implementation. These reports shall include, but not be limited to, information on: (a) CSIS capacity for additional district cohorts, (b) readiness of self-identified districts for participation in new CSIS cohorts, (c) CSIS operations budget, and (d) CSIS readiness to implement additional phases of state reporting and records transfer.
 4. Of the funds appropriated in Schedule (2), \$545,000 is available on a three-year limited-term basis to support positions and administrative costs associated with the implementation plan developed pursuant to Provision 5 of Item 6110-101-0349 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 5. The State Department of Education and CSIS shall jointly report by December 1, 2007, to the Department of Finance, the Legislative Analyst's Office, and the budget committees of the Legislature on the workload activities performed by each entity to prepare for the implementation of CALPADS.
- 6110-144-0001—For local assistance, Department of Education (Proposition 98), Program 20.60.270-Administrator Training Program pursuant to Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25 of the Education Code..... 5,000,000

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6110-150-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.30.051-American Indian Early Childhood Education Program established pursuant to Chapter 6.5 (commencing with Section 52060) of Part 28 of the Education Code..... 662,000

Provisions:

- 1. Of the amount appropriated in this item, \$29,000 is to provide a cost-of-living adjustment at a rate of 4.53 percent.

6110-151-0001—For support of the Department of Education (Proposition 98), Program 10.30.050-American Indian Education Centers established pursuant to Article 6 (commencing with Section 33380) of Chapter 3 of Part 20 of the Education Code..... 4,540,000

Provisions:

- 1. Of the amount appropriated in this item, \$197,000 is to provide a cost-of-living adjustment at a rate of 4.53 percent.

6110-152-0001—For local assistance, Department of Education, Program 10.30.050-American Indian Education Centers pursuant to Article 6 (commencing with Section 33380) of Chapter 3 of Part 20 of the Education Code..... 376,000

6110-156-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other agencies for the purposes of Proposition 98 educational programs funded by this item, in lieu of the amount that otherwise would be appropriated pursuant to statute..... 707,821,000

Schedule:

- (1) 10.50.010.001-Adult Education.... 707,821,000
- (2) 10.50.010.008-Remedial education services for participants in the CalWORKs program..... 8,739,000
- (3) Reimbursements-CalWORKs..... -8,739,000

Provisions:

- 1. Credit for participating in adult education classes or programs may be generated by a special day class pupil only for days in which the pupil has met the minimum day requirements set forth in Section 46141 of the Education Code.

2. The funds appropriated in Schedule (2) constitute the funding for both remedial education and job training services for participants in the CalWORKs program (Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code). Funds shall be apportioned by the Superintendent of Public Instruction for direct instructional costs only to school districts and regional occupational centers and programs (ROC/Ps) that certify that they are unable to provide educational services to CalWORKs recipients within their adult education block entitlement or ROC/P block entitlement, or both. Allocations shall be distributed by the Superintendent of Public Instruction as equal statewide dollar amounts, based on the number of CalWORKs eligible family members served in the county.
3. Providers receiving funds under this item for adult basic education, English as a Second Language, and English as a Second Language-Citizenship for legal permanent residents, shall, to the extent possible, grant priority for services to immigrants facing the loss of federal benefits under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Citizenship and naturalization preparation services funded by this item shall include, to the extent consistent with applicable federal law, all of the following: (a) outreach services; (b) assessment of skills; (c) instruction and curriculum development; (d) professional development; (e) citizenship testing; (f) naturalization preparation and assistance; and (g) regional and state coordination and program evaluation.
4. The funds appropriated in Schedule (2) shall be subject to the following:
 - (a) The funds shall be used only for educational activities for welfare recipient students and those in transition off of welfare. The educational activities shall be limited to those designed to increase self-sufficiency, job training, and work. These funds shall be used to supplement and not supplant existing funds and services provided for welfare recipient students and those in transition off of welfare.

- (b) Notwithstanding any other provision of law, each local educational agency's individual cap for the average daily attendance of adult education and regional occupational centers and programs (ROC/Ps) shall not be increased as a result of the appropriations made by this section.
- (c) Funds may be claimed by local educational agencies for services provided to welfare recipient students and those in transition off of welfare pursuant to this section only if all of the following occur:
 - (1) Each local educational agency has met the terms of the interagency agreement between the State Department of Education and the State Department of Social Services pursuant to Provision 2.
 - (2) Each local educational agency has fully claimed its respective adult education or ROC/Ps average daily attendance cap for the current year.
 - (3) Each local educational agency has claimed the maximum allowable funds available under the interagency agreement pursuant to Provision 2.
- (d) Each local educational agency shall be reimbursed at the same rate as it would otherwise receive for services provided pursuant to this item or pursuant to Item 6110-105-0001 of Section 1.80, and shall comply with the program requirements for adult education pursuant to Chapter 10 (commencing with Section 52500) of Part 28 of the Education Code, and ROC/Ps requirements pursuant to Article 1 (commencing with Section 52300) of, and Article 1.5 (commencing with Section 52335) of, Chapter 9 of Part 28 of the Education Code, respectively.
- (e) Notwithstanding any other provision of law, funds appropriated in this section for average daily attendance (ADA) generated by participants in the CalWORKs program may be apportioned on an advance basis to local educational agencies based on anticipated units of ADA if a prior application for this additional ADA funding has been approved by the Superintendent of Public Instruction.

- (f) The Legislature finds the need for good information on the role of local educational agencies in providing services to individuals who are eligible for or recipients of CalWORKs assistance. This information includes the extent to which local educational programs serve public assistance recipients and the impact these services have on the recipients' ability to find jobs and become self-supporting.
 - (g) The State Department of Education shall develop a data and accountability system to obtain information on education and job training services provided through state-funded adult education programs and regional occupational centers and programs. The system shall collect information on (1) program funding levels and sources; (2) characteristics of participants; and (3) pupil and program outcomes. The department shall work with the Office of the Chief Information Officer and Legislative Analyst in determining the specific data elements of the system and shall meet all information technology reporting requirements of the Chief Information Officer.
 - (h) As a condition of receiving funds provided in Schedule (2) or any General Fund appropriation made to the State Department of Education specifically for education and training services to welfare recipient students and those in transition off of welfare, local adult education programs and regional occupational centers and programs shall collect program and participant data as described in this item and as required by the State Department of Education. The State Department of Education shall require that local providers submit to the state aggregate data for the period July 1, 2007, to June 30, 2008, inclusive.
5. Of the funds appropriated in this item, \$17,586,000 is provided for increases in average daily attendance at a rate of 2.50 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Ad-

ditionally, \$32,664,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.

- 6. An additional \$45,896,000 in expenditures for this item has been deferred until the 2008–09 fiscal year.

6110-156-0890—For local assistance, Department of Education, Program 10.50.010.001-Adult Education, payable from the Federal Trust Fund..... 77,174,000
Provisions:

- 1. Under any grant awarded by the State Department of Education under this item to a qualifying community-based organization to provide adult basic education in English as a Second Language and English as a Second Language-Citizenship classes, the department shall make an initial payment to the organization of 25 percent of the amount of the grant. In order to qualify for an advance payment, a community-based organization shall submit an expenditure plan and shall guarantee that appropriate standards of educational quality and fiscal accountability are maintained. In addition, reimbursement of claims shall be distributed on a quarterly basis. The department shall withhold 10 percent of the final payment of a grant as described in this provision until all claims for that community-based organization have been submitted for final payment.
- 2. (a) Notwithstanding any other provision of law, all nonlocal educational agencies (non-LEA) receiving greater than \$300,000 pursuant to this item shall submit an annual organizational audit, as specified, to the department, Office of External Audits.

All audits shall be performed by one of the following: (1) a certified public accountant possessing a valid license to practice within California, (2) a member of the State Department of Education’s staff of auditors, or (3) in-house auditors, if the entity receiving funds pursuant to this item is a public agency, and if the public agency has internal staff that performs auditing functions and meets the tests of independence found in Standards for Audits of Governmental Organization, Programs, Activities and Functions

issued by the Comptroller General of the United States.

The audit shall be in accordance with State Department of Education audit guidelines and Office of Management and Budget, Circular No. A-133, Audits of Institutions of Higher Education and Other Non-Profit Institutions.

Non-LEA entities receiving funds pursuant to this item shall submit the annual audit no later than six months from the end of the agency fiscal year. If, for any reason, the contract is terminated during the contract period, the auditor shall cover the period from the beginning of the contract through the date of termination.

Non-LEA entities receiving funds pursuant to this item shall be held liable for all State Department of Education costs incurred in obtaining an independent audit if the contractor fails to produce or submit an acceptable audit.

- (b) Notwithstanding any other provision of law, the State Department of Education shall annually submit to the Governor, Joint Legislative Budget Committee, and Joint Legislative Audit Committee limited scope audit reports of all subrecipients it is responsible for monitoring that receive between \$25,000 and \$300,000 of federal awards, and that do not have an organizationwide audit performed. These limited scope audits shall be conducted in accordance with the State Department of Education audit guidelines and Office of Management and Budget (OMB), Circular No. A-133. The State Department of Education may charge audit costs to applicable federal awards, as authorized by OMB, Circular No. A-133 Section 230(b)(2).

The limited scope audits shall include agreed-upon procedures engagements conducted in accordance with either AICPA generally accepted auditing standards or attestation standards, and address one or more of the following types of compliance requirements: allowed or unallowed activities, al-

lowable costs and cost principles, eligibility, matching, level of effort, earmarking, and reporting.

The State Department of Education shall contract for the limited scope audits with a certified public accountant possessing a valid license to practice within the state or with an independent auditor.

3. On or before March 1, 2008, the State Department of Education shall report to the appropriate subcommittees of the Assembly Committee on Budget and the Senate Committee on Budget and Fiscal Review on the following aspects of Title II of the federal Workforce Investment Act: (a) the makeup of those adult education providers that applied for competitive grants under Title II and those that obtained grants, by size, geographic location, and type (school districts, community colleges, community-based organizations, other local entities), (b) the extent to which participating programs were able to meet planned performance targets, and (c) a breakdown of the types of courses (ESL, ESL-Citizenship, ABE, ASE) included in the performance targets of participating agencies.

It is the intent of the Legislature that the Legislature and State Department of Education utilize the information provided pursuant to this provision to (a) evaluate whether any changes need to be made to improve the implementation of the accountability-based funding system under Title II and (b) evaluate the feasibility of any future expansion of the accountability-based funding system using state funds.

4. The State Department of Education shall continue to ensure that outcome measures for State Department of Mental Health and State Department of Developmental Services clients are set at a level where these clients will continue to be eligible for adult education services in the 2007–08 fiscal year and beyond to the full extent authorized under federal law. The State Department of Education shall also consult with the State Department of Mental Health, State Department of Developmental Services, and Department of Finance for this purpose.

- 5. The funds appropriated in this item include a one-time carryover of \$2,348,000, available for the support of additional adult education instructional activities. It may be used by local providers to upgrade data collection and other software systems to ensure compliance with the federal adult education reporting requirements specified in Public Law 109-77.

6110-158-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund in lieu of the amount that otherwise would be appropriated pursuant to Section 41841.5 of the Education Code, Program 10.50.010.002-Adults in Correctional Facilities..... 17,771,000

Provisions:

- 1. Notwithstanding Section 41841.5 of the Education Code, or any other provision of law, the amount appropriated in this item and any amount allocated for this program in this act shall be the only funds available for allocation by the Superintendent of Public Instruction to school districts or county offices of education for the Adults in Correctional Facilities program.
- 2. Notwithstanding Section 41841.5 of the Education Code, or any other provision of law, the amount appropriated in this item shall be allocated based upon prior year rather than current year expenditures.
- 3. Notwithstanding any other provision of law, funding distributed to each local educational agency (LEA) for reimbursement of services provided in the 2006–07 fiscal year for the Adults in Correctional Facilities program shall be limited to the amount received by the agency for services provided in the 2005–06 fiscal year. Funding shall be reduced or eliminated, as appropriate, for any LEA that reduces or eliminates services provided under this program in the 2006–07 fiscal year, as compared to the level of services provided in the 2005–06 fiscal year. Any funds remaining as a result of those decreased levels of service shall be allocated to provide support for new programs in accordance with Section 41841.8 of the Education Code.
- 4. Notwithstanding any other provision of law, funds appropriated by this item for growth in

average daily attendance first shall be allocated to programs that are funded for 20 units or less of average daily attendance, up to a maximum of 20 additional units of average daily attendance per program.

- 5. Of the funds appropriated in this item, \$409,000 is provided for increases in average daily attendance at a rate of 2.50 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$993,000 is for the purpose of providing a cost-of-living adjustment at a rate of 5.92 percent.

6110-161-0001—For local assistance, Department of Education (Proposition 98), Program 10.60-Special Education Programs for Exceptional Children..... 3,158,993,000
Schedule:

- (1) 10.60.050.003-Special education instruction..... 3,088,902,000
- (2) 10.60.050.080-Early Education Program for Individuals with Exceptional Needs..... 84,486,000
- (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 2007–08 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), \$12,688,000, 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), \$9,684,000, 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), \$5,051,000, plus any COLA, shall be available for regional occupational centers and programs that serve pupils having disabilities, and \$85,078,000, plus any COLA, shall be available for regionalized program specialist services, \$2,420,000, 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), \$3,000,000 is provided for extraordinary costs associated with single placements in nonpublic, nonsectarian schools, pursuant to Section 56836.21 of the Education Code. Pursuant to legislation, these funds shall also provide reimbursement for costs associated with pupils residing in licensed children's institutes.
6. Of the funds appropriated in Schedule (1), a total of \$196,137,000, plus any COLA, is available to fund the costs of children placed in licensed children's institutions who attend nonpublic schools based on the funding formula authorized in Chapter 914 of the Statutes of 2004.
7. Funds available for infant units shall be allocated 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 2007–08 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.

9. Notwithstanding any other provision of law, state funds appropriated in Schedule (2) in excess of the amount necessary to fund the deficiated entitlements pursuant to Section 56432 of the Education Code and Provision 10 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 2007–08 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), \$179,000, 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), \$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), \$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), 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), up to \$200,000 shall be used for research and training in cross-cultural assessments.
18. Of the amount specified in Schedule (1), \$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 of 2004 (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), \$150,857,000 is provided for a COLA at a rate of 4.53 percent.

20. Of the amount provided in Schedule (2), \$3,699,000 is provided for a COLA at a rate of 4.53 percent.
21. 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, 2008, 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.
22. 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 (20 U.S.C. Sec. 1400 et seq.) (IDEA), and Section 2122 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. Sec. 6301 et seq.). 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.

- 23. Notwithstanding any other provision of law, state funds appropriated in Schedule (1) in excess of the amount necessary to fund the defined entitlement shall be to fulfill other shortages in entitlements budgeted in this schedule by the State Department of Education, upon Department of Finance approval, to any program funded under Schedule (1).
- 24. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.
- 25. Of the funds appropriated in Schedule (1), the amount resulting from increases in federal funds reflected in the calculation performed in paragraph (1) of subdivision (c) of Section 56836.08 of the Education Code shall be allocated based on an equal amount per average daily attendance and added to each special education local plan area's base funding, consistent with paragraphs (1) to (4), inclusive, of subdivision (b) of Section 56836.158 of the Education Code. This amount may be up to \$19,000,000 less adjustments for state operations and preschool. When the final amount is determined, the State Department of Education shall provide this information to the Department of Finance and the legislative budget committees of each house.

6110-161-0890—For local assistance, Department of Education, payable from the Federal Trust Fund, Program 10.60-Special Education Programs for Exceptional Children..... 1,161,356,000
Schedule:

- (1) 10.60.050.012-Local Agency Entitlements, IDEA Special Education..... 982,606,000
- (2) 10.60.050.013-State Agency Entitlements, IDEA Special Education.... 1,827,000
- (3) 10.60.050.015-IDEA, Local Entitlements, Preschool Program..... 62,653,000
- (4) 10.60.050.021-IDEA, State Level Activities..... 70,720,000
- (5) 10.60.050.030-P.L. 99-457, Preschool Grant Program..... 38,677,000
- (6) 10.60.050.031-IDEA, State Improvement Grant, Special Education..... 2,079,000

(7) 10.60.050.032-IDEA, Family Em-
powerment 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 \$1,150,176,000, 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 \$1,150,176,000 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 \$1,150,176,000, 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.
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 devel-

oped 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 Individuals with Disabilities Education Act 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 2007–08 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 2007–08. 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 (commencing with Section 7570) of Division 7 of the Government Code.

6110-166-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.70.070-Vocational Education, for the purpose of Article 5 (commencing with Section 54690) of Chapter 9 of Part 29 of the Education Code, Partnership Academies Program..... 23,490,000

Provisions:

1. If there are any funds in this item that are not allocated for planning or operational grants, the State Department of Education may allocate those remaining funds as one-time grants to state-funded partnership academies to be used for one-time purposes.
2. The Department of Education shall not authorize new partnership academies without the approval of the Department of Finance and 30-day notification to the Joint Legislative Budget Committee.

6110-166-0890—For local assistance, Department of Education, Program 10.70-Vocational Education, payable from the Federal Trust Fund..... 140,467,000

Provisions:

1. The funds appropriated in this item include federal Vocational Education Act funds for the 2007–08 fiscal year to be transferred to the community colleges by means of interagency agreements for the purpose of funding vocational education programs in community colleges.
2. The State Board of Education and the Board of Governors of the California Community Colleges shall target funds appropriated by this item to provide services to persons participating in welfare-to-work activities under the CalWORKs program.
3. The Superintendent of Public Instruction shall report, not later than February 1 of each year, to the Joint Legislative Budget Committee and the Director of Finance, describing the amount of carryover funds from this item, reasons for the carryover, and plans to reduce the amount of carryover.
4. The funds appropriated in this item include a one-time carryover of \$10,718,000 that is avail-

able during the 2007–08 academic year for the support of additional vocational education institutional activities. The first funding priority shall be to support curriculum development and articulation of K–12 technical preparation programs with local community college economic development and vocational education programs to increase the participation of K–12 students in sequenced, industry-driven coursework that leads to meaningful employment in today’s high-tech, high-demand, and emerging technology areas of industry employment.

6110-167-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.70-Agricultural Career Technical Education Incentive Program established pursuant to Article 7.5 (commencing with Section 52460) of Chapter 9 of Part 28 of the Education Code.....

5,201,000

Provisions:

1. As a condition of receiving funds appropriated in this item, a school district shall certify to the Superintendent of Public Instruction both of the following:
 - (a) Agricultural Career Technical Education Incentive Program funds shall be expended for the items identified in its application, except that, in items of expenditure classification 4000, only the total cost of expenses shall be required and itemization shall not be required.
 - (b) The school district shall provide at least 50 percent of the cost of the items and costs from expenditure classification 4000, as identified in its application, from other funding sources. Nothing in this provision shall be construed to limit the authority of the Superintendent of Public Instruction to waive the local matching requirement established by subdivision (b) of Section 52461.5 of the Education Code.
2. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.
3. Of the amount appropriated in this item, \$225,000 is provided for a cost-of-living adjustment of 4.53 percent.

6110-180-0890—For local assistance, Department of Education, Program 20.10.025-Educational Technology, payable from the Federal Trust Fund..... 31,792,000
Provisions:

1. Of the funds appropriated in this item, \$15,569,000 is for allocation to school districts that are awarded formula grants pursuant to the federal Enhancing Education Through Technology Grant Program.
2. Of the funds appropriated in this item, \$15,569,000 is available for competitive grants pursuant to Chapter 8.9 (commencing with Section 52295.10) of Part 28 of the Education Code and the requirements of the federal Enhancing Education Through Technology Grant Program—including the eligibility criteria established in federal law to target local educational agencies with high numbers or percentages of children from families with incomes below the poverty line and one or more schools either qualifying for federal school improvement or demonstrating substantial technology needs.
3. Of the funds appropriated in this item, \$654,000 is available for the California Technology Assistance Project (CTAP) to provide federally required technical assistance and to help districts apply for and take full advantage of the federal Enhancing Education Through Technology grants.

6110-181-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.10.025-Educational Technology, programs funded pursuant to Article 15 (commencing with Section 51870) of Chapter 5 of Part 28 and Chapter 3.34 (commencing with Section 44730) of Part 25 of the Education Code..... 17,705,000
Provisions:

1. Of the funds appropriated in this item, \$767,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 4.53 percent.
2. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.

6110-181-0140—For local assistance, Department of Education, payable from the California Environmental License Plate Fund..... 360,000

Schedule:

(1) 20.10.055-Environmental Educa- tion.....	548,000	
(2) Reimbursements.....	-188,000	
6110-182-0001—For local assistance, Department of Education (Proposition 98), Program 20.20.030- K–12 High Speed Network.....		10,404,000

Provisions:

1. Expenditure authority of no greater than \$15,600,000 is provided for the K–12 High Speed Network.
 - A. Of the amount authorized for expenditure in this provision, \$596,000 of unexpended cash reserves from the following appropriations are available to continue management and operation of the network during the 2007–08 fiscal year: Item 6440-001-0001, Schedule (a), Provision 44 of Chapter 52, Statutes of 2000; Item 6440-001-0001, Schedule (1), Provision 24 of Chapter 106, Statutes of 2001; Item 6440-001-0001, Schedule (1), Provision 24 of Chapter 379, Statutes of 2002; Item 6440-001-0001, Schedule (1), Provision 22 of Chapter 157, Statutes of 2003; and Item 6110-182-0001, Chapter 208, Statutes of 2004.
 - B. Of the amount authorized for expenditure in this provision, \$4,600,000 shall be funded by E-rate and California Teleconnect Fund moneys. The lead educational agency or the Corporation for Education Network Initiatives in California (CENIC), or both, shall submit quarterly reports to the Department of Finance and the Legislature on funds received from E-rate and the California Teleconnect Fund.
 - C. For the 2007–08 fiscal year, all major subcontracts of the K–12 High Speed Network program shall be excluded from both the eligible program costs on which indirect costs are charged and from the calculation of the indirect cost rate based on that year’s data. For purposes of this provision, a major subcontract is defined as a subcontract for services in an amount in excess of \$25,000.

6110-183-0890—For local assistance, Department of Education, Instructional Support—Safe and Drug Free Schools and Communities Act of 1994 (P.L. 103-382), payable from the Federal Trust Fund.....		35,127,000
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Schedule:

(1) 20.10.045-Health and Physical Education, Drug Free Schools..... 35,127,000

Provisions:

1. Local educational agencies shall give priority in the expenditure of the funds appropriated in this item to create comprehensive drug and violence prevention programs that promote school safety, reduce the use of drugs, and create learning environments that are free of alcohol and guns and that support academic achievement for all pupils. In addition to preventing drug and alcohol use, prevention programs will respond to the crisis of violence in our schools by addressing the need to prevent serious crime, violence, and discipline problems. The Superintendent of Public Instruction shall (a) notify local educational agencies of this policy and (b) incorporate the policy into the State Department of Education’s compliance review procedures.
2. Of the funds appropriated in this item, \$2,400,000 is a one-time carryover available to support the existing program.

6110-188-0001—For local assistance, Department of Education (Proposition 98), Program 10.10-School Apportionments Deferred Maintenance, for transfer to the State School Deferred Maintenance Fund..... 241,903,000

Provisions:

1. The funds appropriated in this item shall be transferred to the State School Deferred Maintenance Fund and are available for funding applications received by the Department of General Services, Office of Public School Construction for the purpose of payments to school districts for deferred maintenance projects pursuant to Section 17584 of the Education Code.

6110-189-0001—For local assistance, Department of Education (Proposition 98), for transfer to State Instructional Materials Fund pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33 of Division 4 of Title 2 of the Education Code..... 419,774,000

Schedule:

(1) 20.20.020.005-Instructional Materials Block Grant..... 419,774,000

Provisions:

- 1. The funds in this item shall be allocated to school districts to purchase standards-aligned instructional materials.
- 2. Of the funds appropriated in this item, \$18,192,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 4.53 percent.
- 3. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.

6110-190-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.10.021-School Apportionments, Community Day Schools established pursuant to Article 3 (commencing with Section 48660) of Chapter 4 of Part 27 of the Education Code..... 47,248,000

Provisions:

- 1. Funds appropriated in this item shall not be available for the purposes of Section 41972 of the Education Code.
- 2. Of the funds appropriated in this item, \$2,253,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent to community day schools in lieu of the amount that would otherwise be provided pursuant to subdivision (b) of Section 42238.1 of the Education Code.
- 3. An additional \$4,751,000 in expenditures for this item has been deferred until the 2008–09 fiscal year.

6110-193-0001—For local assistance, State Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.60-Staff Development..... 32,654,000

Schedule:

- (1) 20.60.070-Instructional Support: Bilingual Teacher Training Assistance Program..... 2,149,000
- (2) 20.60.060-Instructional Support: Teacher Peer Review..... 30,101,000
- (3) 20.60.110-Instructional Support: Improving School Effectiveness-Reader Services for Blind Teachers..... 404,000

Provisions:

1. Notwithstanding any other provision of law, the amount appropriated in Schedule (1) shall be the maximum amount allocated for the purposes of the Bilingual Teacher Training Assistance Program established by Article 4 (commencing with Section 52180) of Chapter 7 of Part 28 of the Education Code.
 2. Of the funds appropriated in Schedule (1), \$93,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.
 3. The funds appropriated in Schedule (2) shall be allocated in accordance with Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25 of the Education Code. If the funds are insufficient to fully fund growth in this program, the State Department of Education may adjust the per-participant rate to conform to available funds. Funds appropriated in Schedule (2) include \$1,305,000 for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.
 4. Notwithstanding any other provision of law, the amount appropriated in Schedule (3) shall be the maximum amount allocated for the purposes of the Reader Services for Blind Teachers, for transfer to the Reader Employment Fund established by Section 45371 of the Education Code for the purposes of Section 44925 of the Education Code.
 5. Of the funds appropriated in Schedule (3), \$18,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.
 6. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.
- 6110-193-0890—For local assistance, Department of Education, Program 20.60-Instructional Support, Title II, Part B of the Elementary and Secondary Education Act (Mathematics and Science Partnership Grants) payable from the Federal Trust Fund..... 26,997,000
- Provisions:
1. Of the funds appropriated in this item, \$3,602,000 is provided for a one-time carryover to support the Math and Science Partnership Program.

6110-195-0001—For local assistance, Department of Education (Proposition 98), Program 20.60.140-Staff Development: Teacher Improvement, Teacher Incentives National Board Certification..... 6,000,000

Provisions:

- 1. The funds appropriated in this item shall be for the purpose of providing incentive grants to teachers with certification by the National Board for Professional Teaching Standards that are teaching in low-performing schools pursuant to Article 13 (commencing with Section 44395) of Chapter 2 of Part 25 of the Education Code.

6110-195-0890—For local assistance, Department of Education, Program 20.60-Instructional Support, Title II, Part A of the Elementary and Secondary Education Act (Teacher and Principal Training and Recruiting Fund), payable from the Federal Trust Fund..... 316,859,000

Schedule:

- (1) 20.60.280-Improving Teacher Quality Local Grants..... 310,955,000
- (2) 20.60.270-Administrator Training Program..... 1,554,000
- (3) 20.60.190.300-California Subject Matter Projects..... 4,350,000

Provisions:

- 1. The funds appropriated in Schedule (2) shall be for the Administrator Training Program authorized pursuant to Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25 of the Education Code.
- 2. The funds appropriated in Schedule (3) shall be for transfer to the University of California, which shall use the funds for the Subject Matter Projects.

6110-196-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other agencies for the purposes of Proposition 98 educational programs funded in this item, in lieu of the amount that otherwise would be appropriated pursuant to any other statute..... 1,761,366,000

Schedule:

- (1) 30.10.010-Special Program, Child Development, Preschool Education..... 418,644,000
- (1.5) 30.10.020-Child Care Services..... 1,859,173,000
 - (a) 30.10.020.001-Special Program, Child Development, General Child Development Programs.... 762,383,000
 - (c) 30.10.020.004-Special Program, Child Development, Migrant Day Care..... 38,439,000
 - (d) 30.10.020.007-Special Program, Child Development, Alternative Payment Program..... 243,536,000
 - (e) 30.10.020.011-Special Program, Child Development, Alternative Payment Program—Stage 2.... 388,780,000
 - (f) 30.10.020.012-Special Program, Child Development, Alternative Payment Program—Stage 3 Setaside..... 288,074,000
 - (g) 30.10.020.008-Special Program, Child Development, Resource and Referral..... 18,596,000
 - (i) 30.10.020.015-Special Program, Child Development, Extended Day Care..... 34,005,000

- (j) 30.10.020.096-Special Program, Child Development, Allowance for Handicapped..... 1,892,000
 - (k) 30.10.020.106-Special Program, Child Development, California Child Care Initiative..... 250,000
 - (l) 30.10.020.901-Special Program, Child Development, Quality Improvement..... 68,969,000
 - (m) 30.10.020.911-Special Program, Child Development, Centralized Eligibility List..... 7,900,000
 - (n) 30.10.020.920-Special Program, Child Development, Local Planning Councils..... 6,349,000
 - (3) 30.10.020.908-Special Program, Child Development, Cost-of-Living Adjustments..... 69,689,000
 - (4) 30.10.020.909-Special Program, Child Development, Growth Adjustments..... 14,539,000
 - (5) Amount payable from the Federal Trust Fund (Item 6110-196-0890)..... -600,679,000
- Provisions:
1. Notwithstanding Section 8278 of the Education Code, funds available for expenditure pursuant to that section shall be expended in the 2007–08 fiscal year pursuant to the following schedule:
 - (a) \$4,000,000 or whatever lesser or greater amount is necessary for accounts payable pursuant to paragraph (1) of subdivision (b) of Section 8278 of the Education Code.
 - (b) \$32,817,000 shall be available for CalWORKs Stage 2 child care.
 - (c) \$111,508,000 shall be available for CalWORKs Stage 3 child care.

- (d) The Controller shall establish an account entitled Section 8278 Expenditures in 2006 in Item 6110-196-0001, Program 30.10.060. Any unexpended General Fund balances as of June 30, 2007, or subsequent abatements, from those amounts listed in Schedules (1), (1.5)(a), (1.5)(c), (1.5)(d), (1.5)(g), (1.5)(i), (1.5)(j), (1.5)(k), (1.5)(l), and (1.5)(n), that are available pursuant to Section 8278 of the Education Code, shall be transferred to the account for the purpose of making expenditures pursuant to that section and as specified in this provision.
- 2. (a) Notwithstanding any other provision of law, alternative payment child care programs shall be subject to the rate ceilings established in the Regional Market Rate Survey of California child care and development providers for provider payments. When approved pursuant to Section 8447 of the Education Code, any changes to the market rate limits, adjustment factors or regions shall be utilized by the State Department of Education and the State Department of Social Services in various programs under the jurisdiction of either department.
- (b) Notwithstanding any other provision of law, the funds appropriated in this item for the cost of licensed child care services provided through alternative payment or voucher programs including those provided under Article 3 (commencing with Section 8220) and Article 15.5 (commencing with Section 8350) of Chapter 2 of Part 6 of the Education Code shall be used only to reimburse child care costs up to the 85th percentile of the rates charged by providers offering the same type of child care for the same age child in that region.
- 3. Of the amount appropriated in Schedule (1), \$50,000,000 is available for pre-Kindergarten and Family Literacy Preschool programs pursuant to Chapter 211 of the Statutes of 2006. Of the amount appropriated in Schedule (1), \$5,000,000 is available for wraparound care in order to provide direct child care for children in the state preschool program for the portion of

the day that is not otherwise covered by services provided as part of the state preschool program.

4. Funds in Schedule (1.5)(I) shall be reserved for activities to improve the quality and availability of child care, pursuant to the following:
 - (a) \$2,007,105 is for the schoolage care and resource and referral earmark.
 - (b) \$11,319,963 is for the infant and toddler earmark and shall be used for increasing the supply of quality child care for infants and toddlers.
 - (c) \$8,634,000 in one-time federal funding is available for use in the 2007–08 fiscal year. Of that amount, \$500,000 shall be used for health and safety training for both licensed and license-exempt child care providers, and \$1,600,000 shall be used for the development of preschool learning standards. The remaining funds shall be used for child care and development quality expenditures identified by the State Department of Education (SDE) and approved by the Department of Finance.
 - (d) From the remaining funds, the following amounts shall be allocated for the following purposes: \$4,000,000 to train former CalWORKs recipients as child care teachers, \$2,700,000 for contracting with the State Department of Social Services (DSS) for increased inspections of child care facilities, \$1,000,000 for Trustline registration workload (Chapter 3.35 (commencing with Section 1596.60) of Division 2 of the Health and Safety Code), \$500,000 for health and safety training for licensed and exempt child care providers, \$320,000 for the Child Development Training Consortium, \$300,000 for the Health Hotline, and \$300,000 to implement a technical assistance program to child care providers in accessing financing for renovation, expansion, or construction of child care facilities.
 - (e) As required by federal law, the (SDE) shall develop an expenditure plan that sets forth the final priorities for child care. The SDE shall coordinate with the DSS, the California Children and Families Commission, and

other stakeholders, including the Department of Finance, to develop the Child Care Development Fund (CCDF) Plan. By February 1 of the year the CCDF Plan is due to the federal government, SDE shall release a draft of the plan. It shall then commence a 30-day comment period that shall include at least one hearing and the opportunity for written comments. SDE shall provide the revised CCDF Plan to the chairperson of the committee in each house of the Legislature that considers appropriations and shall provide a report on the plan to the committee in each house of the Legislature that considers the annual Budget Act appropriation, prior to the May budget revision.

- (f) The SDE shall establish an expenditure plan for the 2008–09 fiscal year that sets forth the proposed state and local activities to improve child care, including the reasons therefor, to be undertaken in the 2008–09 fiscal year. The plan shall be submitted to the Department of Finance and to the fiscal committees of both houses of the Legislature at least 30 days prior to the commencement of public hearings and no later than March 1, 2008.
 - (g) \$15,000,000 from the General Fund shall be for child care worker recruitment and retention programs authorized by Chapter 75 of the Statutes of 2006.
5. (a) The State Department of Education (SDE) shall conduct monthly analyses of CalWORKs Stage 2 and Stage 3 caseloads and expenditures and adjust agency contract maximum reimbursement amounts and allocations as necessary to ensure funds are distributed proportionally to need. The SDE shall share monthly caseload analyses with the State Department of Social Services (DSS).
- (b) The SDE shall provide quarterly information regarding the sufficiency of funding for Stage 2 and Stage 3 to DSS. The SDE shall provide caseloads, expenditures, allocations, unit costs, family fees, and other key variables and assumptions used in determining

the sufficiency of state allocations. Detailed backup by month and on a county-by-county basis shall be provided to the DSS at least on a quarterly basis for comparisons with Stage 1 trends.

- (c) Any request from the Temporary Assistance for Needy Families (TANF) reserve shall be based on the information and analyses pursuant to the preceding paragraphs and shall be made jointly and coordinated with the DSS to eliminate duplication. In order to facilitate coordination, detailed backup by month and on a county-by-county basis, if different from quarterly data provided pursuant to the previous paragraph, shall be provided to the DSS to facilitate its analyses and comparison of overall CalWORKS caseloads and related child care needs.
- (d) By September 30 and March 30 of each year, the SDE shall ensure that detailed caseload and expenditure data, through the most recent period for Stage 2 and Stage 3 Setaside along with all relevant assumptions, is provided to DSS to facilitate budget development. The detailed data provided shall include actual and projected monthly caseload from Stage 2 scheduled to time off of their transitional child care benefit from the last actual month reported by agencies through the next two fiscal years as well as local attrition experience. DSS shall utilize data provided by the SDE, including key variables from the prior fiscal year and the first two months of the current fiscal year, to provide coordinated estimates in November of each year for each of the three stages of care for preparation of the Governor's Budget, and shall utilize data from at least the first two quarters of the current fiscal year, and any additional monthly data as they become available for preparation of the May Revision. The DSS shall share its assumptions and methodology with the SDE in the preparation of the Governor's Budget.
- (f) The SDE shall coordinate with the DSS to identify annual general subsidized child care program expenditures for TANF-eligible

- children. The SDE shall modify existing reporting forms as necessary to capture this data.
- (g) The SDE shall provide to the DSS, upon request, access to the information and data elements necessary to comply with federal reporting requirements and any other information deemed necessary to improve estimation of child care budgeting needs.
6. Notwithstanding any other provision of law, the funds in Schedule (1.5)(f) are reserved exclusively for continuing child care for the following: (a) former CalWORKs families who are working, have left cash aid and have exhausted their two-year eligibility for transitional services in either Stage 1 or 2 pursuant to subdivision (c) of Section 8351 or Section 8353 of the Education Code, respectively, but still meet eligibility requirements for receipt of subsidized child care services, and (b) families who received lump-sum diversion payments or diversion services under Section 11266.5 of the Welfare and Institutions Code and have spent two years in Stage 2 off of cash aid, but still meet eligibility requirements for receipt of subsidized child care services.
7. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
8. Notwithstanding any other provision of law, administrative and support services allowances for the programs funded through Schedules (1.5)(d), (1.5)(e), and (1.5)(f) shall be limited to no more than 20 percent of the total contract amount.
9. Notwithstanding Section 26.00, the funds appropriated in Schedule (3), for child development cost-of-living adjustments (COLA), are for allocation among Schedules (1), (1.5)(a), (1.5)(c), (1.5)(d), (1.5)(g), (1.5)(i), (1.5)(j), and (1.5)(n). Funds shall not be allocated to programs prior

to approval of a budget revision by the Department of Finance. After allocation of the COLA, the maximum standard reimbursement rate shall not exceed \$34.38 per day for General Child Care programs and \$21.22 per day for State Preschool Programs. Furthermore, the Migrant Child Care and Cal-SAFE Child Care programs shall adhere to the maximum standard reimbursement rates as prescribed for the General Child Care programs. All other rates and adjustment factors shall be revised to conform.

10. Notwithstanding Section 26.00, the funds appropriated in Schedule (4), for child development growth adjustments, are for allocation among Schedules (1), (1.5)(a), (1.5)(c), (1.5)(d), (1.5)(i), and (1.5)(j).

Funds shall not be allocated to programs prior to approval of a budget revision by the Department of Finance.

11. Notwithstanding any other provision of law, the federal funds in Schedule (1.5)(m) are appropriated exclusively for developing and maintaining a centralized eligibility list in each county pursuant to Section 8227 of the Education Code. By November 1 of each year, the State Department of Education shall provide a status report on implementing eligibility lists in each county, which shall include, but is not limited to, the cost of implementation and operation of the eligibility lists in each county, and number of children and families on the list for each county.
12. Notwithstanding Section 8278.3 of the Education Code or any other provision of law, up to \$5,000,000 of the Child Care Facilities Revolving Fund balance may be allocated for use on a one-time basis for renovations and repairs to meet health and safety standards, to comply with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), and to perform emergency repairs, that were the result of an unforeseen event and are necessary to maintain continued normal operation of the child care and development program. These funds shall be made available to school districts and contracting agencies that provide subsidized center-based services pursuant to the Child Care and Development Services Act (Chapter 2

(commencing with Section 8200) of Part 6 of the Education Code).

- 13. It is the intent of the Legislature to fully fund the third stage of child care for CalWORKs recipients.

6110-196-0890—For local assistance, Department of Education, payable from the Federal Trust Fund.... 600,679,000
Provisions:

- 1. Notwithstanding any other provision of law, the funds appropriated in this item, to the extent permissible under federal law, are subject to Section 8262 of the Education Code.
- 2. Of the funds appropriated in this item, \$10,000,000 is from the transfer of funds, pursuant to Item 5180-402, from the federal Temporary Assistance for Needy Families (TANF) Block Grant administered by the State Department of Social Services to the federal Child Care and Development Block Grant for Stage 2 child care. This amount may be increased by transfer from the TANF reserve pursuant to Item 5180-403 of this act, except that funds may not be first transferred to the Child Care and Development Block Grant if those transfers result in an increase to the federal quality requirements beyond the level currently budgeted for quality activities.
- 3. Of the funds appropriated in this item, \$8,420,000 is available on a one-time basis for Stage 3 from federal Child Care and Development Block Grant funds appropriated prior to the 2007 federal fiscal year.
- 4. Of the funds appropriated in this item, \$8,634,000 is available on a one-time basis for quality projects from federal Child Care and Development Block Grant funds appropriated prior to the 2007 federal fiscal year.
- 5. Of the funds appropriated in this item, \$45,976,000 is available on a one-time basis for CalWORKs Stage 2 from federal Child Care and Development Block Grant funds appropriated prior to the 2007 federal fiscal year.

6110-197-0890—For local assistance, Department of Education, payable from the Federal Trust Fund, 21st Century Community Learning Centers Program..... 186,252,000

Schedule:

- (1) 30.10.080-Special Program, Child Development, 21st Century Community Learning Centers Program..... 186,252,000

Provisions:

- 1. (a) Current recipients of 21st Century grants that are serving students in elementary, middle, or junior high schools shall have the option to: (1) continue operating under the 21st Century program, or (2) transfer to the After School Education and Safety (ASES) program. Notwithstanding any other provision of law, grantees that choose to transfer to the ASES shall maintain the grant level and per pupil rate they received in the prior year. It is the intent of the Legislature that as 21st Century grantees either transfer to the ASES program or as their grant period expires, priority for the funding of new grants shall be given to high school programs, consistent with Section 8484.8 of the Education Code.
- (b) The State Department of Education shall provide an annual report to the Legislature and Department of Finance by November 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. Of the amount appropriated in this item, \$61,000,000 is a carryover of one-time funds from prior fiscal years.

6110-198-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund, for allocation to school districts and county offices of education, in lieu of the amount that otherwise would be appropriated pursuant to statute..... 58,395,000
Schedule:

- (1) 20.60.220-Cal-SAFE Academic and Supportive Services..... 16,951,490
- (2) 20.60.221-All Services for Non-converting Pregnant Minors Programs..... 14,444,630
- (3) 30.10.020-Cal-SAFE Child Care.... 26,998,880

Provisions:

- 1. Notwithstanding any other provision of law, a school district or county superintendent of schools operating, by October 1, 1999, a School Age Parent and Infant Development Program pursuant to Article 17 (commencing with Section 8390) of Chapter 2 of Part 6 of, a Pregnant Minors Program pursuant to Chapter 6 (commencing with Section 8900) of Part 6 of, and Section 2551.3 of, or a Pregnant and Lactating Students Program pursuant to Sections 49553 and 49559 of, the Education Code, or any combination thereof, that chooses to participate in the Cal-SAFE program shall have priority for Cal-SAFE program funding for an amount up to the dollar amount provided under those provisions in the fiscal year prior to participation in the Cal-SAFE program, provided an application is submitted and approved.
- 2. The amounts appropriated in Schedules (1), (2), and (3) are based on estimates of the amounts required by existing programs for operation of Cal-SAFE programs in the current year. By October 31 of each year, the State Department of Education (SDE) shall submit to the Department of Finance current expenditure data for both the prior fiscal year and the current year showing each agency's allocation and supporting detail

- including average daily attendance and child care attendance and enrollment data. The SDE shall also provide estimates of average daily attendance and child care to be provided in the budget year.
3. Funds appropriated in Schedule (2) are available to provide funding for all child care, as well as both academic and supportive services for programs choosing to retain their Pregnant Minors Program revenue limit. Notwithstanding any other provision of law, the State Department of Education shall compute allocations to these agencies using the respective agencies' 1998–99 Pregnant Minors Program revenue limits. Further, notwithstanding any other provision of law, programs which choose to retain their Pregnant Minors Program revenue limit rather than convert to the Cal-SAFE revenue limit must provide child care within the revenue limit funding for children of students comprising base year average daily attendance. To the extent additional units of average daily attendance are authorized by the department for growth for these agencies, academic and supportive services reimbursement for such growth shall be computed using the new Cal-SAFE revenue limit. Growth funding for the child care component shall be equal to the proportionate share of total child care costs for the specific agency's program as determined by dividing the authorized growth in student average daily attendance by the total authorized average daily attendance.
 4. Of the funds appropriated in this item, \$2,531,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.
 5. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.
 6. Notwithstanding Section 26.00, the State Department of Education may transfer expenditure authority between Schedule (1) Cal-SAFE Academic and Supportive Services and Schedule (2) All Services for Nonconverting Pregnant Minors Programs, to accurately reflect expenditures in these programs, upon approval of the Depart-

ment of Finance and notification of the Legislature.

6110-201-0001—For local assistance, Department of Education (Proposition 98), for School Breakfast and Summer Food Service Program grants pursuant to Article 11 (commencing with Section 49550.3) of Chapter 9 of Part 27 of the Education Code..... 1,017,000

Schedule:

(1) 30.20.010-Child Nutrition Programs..... 1,017,000

6110-201-0890—For local assistance, Department of Education, Program 30.20-Child Nutrition, payable from the Federal Trust Fund..... 1,645,022,000

Schedule:

(1) 30.20.010-Child Nutrition Programs..... 1,622,572,000

(2) 30.20.040-Summer Food Service Program..... 22,450,000

Provisions:

1. Of the amount appropriated in Schedule (1), \$218,000 is provided from one-time federal funds for providing training and technical assistance to local educational agencies implementing wellness policies.

6110-202-0001—For local assistance, Department of Education..... 12,163,000

Schedule:

(1) 30.20.010-Child Nutrition Programs..... 12,163,000

Provisions:

1. Funds appropriated in Schedule (1) are for child nutrition programs pursuant to Section 41311 of the Education Code. Claims for reimbursement of meals pursuant to this appropriation shall be submitted no later than September 30, 2008, to be eligible for reimbursement.

2. Funds appropriated in Schedule (1) shall be available for allocation in accordance with Section 49536 of the Education Code, except that the allocation shall not be made based on all meals served, but based on the number of meals that are served and that qualify as free or reduced-price meals in accordance with Sections 49501, 49550, and 49552 of the Education Code.

3. Of the funds appropriated in this item, \$527,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.

6110-203-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 30.20.010-Child Nutrition Programs, established pursuant to Sections 41311, 49501, 49536, 49550, 49552, and 49559 of the Education Code..... 123,281,000

Schedule:

- (1) 30.20.010-Child Nutrition Programs..... 123,623,000
- (2) Reimbursements..... -342,000

Provisions:

1. Funds appropriated in Schedule (1) shall be allocated pursuant to Section 41311 of the Education Code. Claims for reimbursement of meals pursuant to this allocation shall be submitted by school districts on or before September 30, 2008, to be eligible for reimbursement.
2. Funds designated for child nutrition programs in Schedule (1) of this item shall be allocated in accordance with Section 49536 of the Education Code; however, the allocation shall be based not on all meals served, but on the number of meals that are served and that qualify as free or reduced-price meals in accordance with Sections 49501, 49550, and 49552 of the Education Code.
4. Of the funds appropriated in this item, \$4,262,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.
5. Of the funds appropriated in this item, \$1,000,000 is for the purpose of providing a 1.1-percent growth adjustment due to an increase in the projected number of meals served.
6. Of the amount appropriated in this item, \$24,927,000 is contingent upon approval of legislation during the 2007–08 Regular Session that requires schools to improve the quality of meals served to California students.
7. If the appropriation in this item is insufficient to fully fund all eligible reimbursement claims pursuant to Section 49430.5 of the Education Code, the State Department of Education shall reimburse eligible claims at a prorated share of the funds appropriated by this item.
8. The State Department of Education shall notify the Department of Finance in writing 30 days prior to paying prior year reimbursement claims

1708
Item

STATUTES OF 2007

[Ch. 171]
Amount

from this item pursuant to Section 16304.1 of the Government Code.

6110-204-0001—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..... 72,752,000

Provisions:

1. The funds appropriated in this item are available to assist eligible pupils, pursuant to Section 37254 of the Education Code, who are required to pass the California High School Exit Examination in order to receive a diploma.
2. Of the amount appropriated in this item, \$3,153,000 is to provide a cost-of-living adjustment at a rate of 4.53 percent.
3. The per-pupil amount for grade 12 may not exceed \$520 in the 2007–08 fiscal year.
4. The funds in this item shall be allocated by the State Department of Education as specified in this item no later than October 1 of each fiscal year.

6110-208-0001—For local assistance, Department of Education (Proposition 98), Program 20, for allocation to the Center for Civic Education..... 250,000

Provisions:

1. The funds appropriated in this item are for the purpose of implementing a middle school and junior high school civic education program at participating schools.

6110-209-0001—For local assistance, Department of Education (Proposition 98), Program 10.10.090.002-Teacher Dismissal Apportionments, for transfer to Section A of the State School Fund and allocation by the Controller for payment of claims received pursuant to Section 44944 of the Education Code.... 48,000

Provisions:

1. Of the funds appropriated in this item, \$2,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.

6110-211-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.60.036 for Categorical Programs for charter schools..... 145,527,000

Provisions:

1. Funds appropriated in this item are for the charter school categorical block grant. The State

Department of Education shall calculate and distribute block grant funds pursuant to Chapter 359 of the Statutes of 2005.

- 2. The State Department of Education shall provide an estimate of average daily attendance expected to be claimed for this item for the 2008–09 fiscal year to the Department of Finance and the Legislative Analyst’s Office by October 1, 2007, for use in developing the 2008–09 Governor’s Budget. The State Department of Education shall provide an update of the estimate by March 31, 2008, for preparation of the May Revision.
- 3. An additional \$5,947,000 in expenditures for this item has been deferred until the 2008–09 fiscal year.

6110-224-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Year-Round School Grant Program established pursuant to Article 3 (commencing with Section 42260) of Chapter 7 of Part 24 of the Education Code..... 97,308,000

Schedule:

(1) 10.10.950.002-Operations grants.... 97,308,000

Provisions:

- 1. The following provisions govern funds appropriated for the Year-Round School Grant Program (Article 3 (commencing with Section 42260) of Chapter 7 of Part 24 of the Education Code):
 - (a) Applications for year-round school grants pursuant to Section 42263 of the Education Code shall be received annually by the Superintendent of Public Instruction no later than September 1 of the year for which payment is sought; applications received after that date may not be processed. If the funds available for a fiscal year are insufficient to fully fund all eligible grants pursuant to Section 42263 of the Education Code, the Superintendent shall at that time provide all approved claims with a prorated share of the funds made available for those grants pursuant to this item.
- 2. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.
- 3. Of the funds appropriated in this item, \$4,217,000 is for the purpose of providing a

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cost-of-living (COLA) adjustment at a rate of 4.53 percent.

6110-227-0001—For local assistance, Department of Education (Proposition 98), established pursuant to Article 4 (commencing with Section 315) of Chapter 3 of Part 1 of the Education Code, English language tutoring to children with limited English proficiency..... 50,000,000

Schedule:

(1) 10-Instruction..... 50,000,000

Provisions:

1. Funds appropriated in this item are contingent upon approval of legislation during the 2007–08 Regular Session that clarifies the use of these funds.

6110-228-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund for allocation by the Controller, School Safety..... 61,833,000

Schedule:

(1) 20.60.020.011-School Safety Block Grants..... 61,833,000

Provisions:

1. The funds appropriated in Schedule (1) are available to fund block grants for middle and junior high schools and high schools that serve grades 8 to 12, inclusive, pursuant to Article 3.6 (commencing with Section 32228) and Article 3.8 (commencing with Section 32239.5) of Chapter 2 of Part 19 of the Education Code. An additional \$38,720,000 in expenditures for this purpose has been deferred to the 2008–09 fiscal year. Of the amount deferred, \$1,000,000 shall be made available for county offices of education pursuant to Article 3.6 (commencing with Section 32228) of Chapter 2 of Part 19 of the Education Code.
2. Of the funds appropriated in this item, \$4,358,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.
3. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.
4. The funds appropriated in this item shall be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of

the Government Code for any reimbursable mandated cost claim for comprehensive school safety plans. Local educational agencies accepting funding from this item shall reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from this item.

6110-232-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.26, Program to Reduce Class Size in Two Courses in Grade 9 pursuant to Chapter 6.8 (commencing with Section 52080) of Part 28 of the Education Code..... 106,621,000

Provisions:

1. Schools participating in this program shall receive a per-pupil rate of \$213 pursuant to Section 52086 of the Education Code, based on a cost-of-living adjustment at a rate of 4.53 percent.

6110-234-0001—For local assistance, Department of Education (Proposition 98), Program 10.25, for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction for the Class Size Reduction Program pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28 of the Education Code..... 1,829,662,000

Provisions:

1. Schools participating in Option One shall receive a per-pupil rate of \$1,071. Schools participating in Option Two shall receive a per-pupil rate of \$535. These rates are based on a cost-of-living adjustment at a rate of 4.53 percent.

6110-240-0001—For local assistance, Department of Education (Proposition 98)..... 3,073,000

Schedule:

- (1) 10.80.030-Instruction: International Baccalaureate Diploma Program.... 1,280,000
- (2) 20.70-Instructional Support: Assessments (Advanced Placement Fee Waiver Program)..... 1,793,000

Provisions:

1. The funds appropriated in Schedule (1) shall be for the International Baccalaureate Diploma Program authorized by Chapter 12.5 (commencing with Section 52920) of Part 28 of the Education Code.

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2. The funds appropriated in Schedule (2) shall be for grants for Advanced Placement Examination Fees as authorized by Chapter 8.3 (commencing with Section 52244) of Part 28 of the Education Code.
 3. Of the funds appropriated in this item, \$133,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.
 4. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.
- 6110-240-0890—For local assistance, Department of Education, Program 20.70.010-Instructional Support: Advanced Placement Fee Waiver, payable from the Federal Trust Fund..... 3,109,000
- Provisions:
1. Funding shall be used to fully satisfy the demand for advanced placement examination fee reimbursements for low-income pupils. Any funding remaining after the demand for advanced placement examination fee reimbursements has been fully satisfied may be used on a one-time basis for preadvanced placement activities as specified under the conditions of the federal grant application through which these funds were authorized. Use of funding for this alternative purpose shall neither create nor imply any continuing obligation to fund the alternative activities beyond the 2007–08 fiscal year.
- 6110-242-0001—For local assistance, Department of Education (Proposition 98), Program 20.60.106..... 33,000
- Provisions:
1. Funds appropriated in this item are for allocation to the California Association of Student Councils to expand student leadership activities.
- 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 Part 24 of the Education Code..... 97,461,000
- Provisions:
1. Of the funds appropriated in this item, \$4,224,000 is for the purpose of providing a

cost-of-living adjustment at a rate of 4.53 per-
cent.

2. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.

6110-244-0001—For local assistance, Department of Education (Proposition 98), Program 20.60 for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction for the Teacher Credentialing Block Grant pursuant to Chapter 3.2 (commencing with Section 41520) of Part 24 of the Education Code..... 128,671,000

Provisions:

1. Of the funds appropriated in this item, \$3,325,000 is available to support the Teacher Credentialing Block Grant regional infrastructure.
2. It is the intent of the Legislature that first-year holders of preliminary teaching credentials, as defined in subdivision (b) of Section 44259 of the Education Code, be afforded first priority for funding appropriated in this item. To the extent that any funds appropriated in this item remain after all first-year holders of preliminary teaching credentials have been served, those funds may be used to serve second-year holders of preliminary teaching credentials.
3. If funds are insufficient to service all second-year holders of preliminary teaching credentials, the State Department of Education shall prorate the funds to conform to the amount remaining in this item, consistent with Provision 1.
4. Of the funds appropriated in this item, \$5,422,000 is provided for a cost-of-living adjustment at a rate of 4.53 percent for a total per-participant rate of \$4,069.
5. Of the funds appropriated in this item, \$20,263,000 is for the purpose of providing an adjustment for an increase in the number of eligible teachers.
6. The funds in this item shall be made available only to beginning teachers, as defined in Section 44279.1 of the Education Code, serving in their first or second year of service in California.

6110-245-0001—For local assistance, Department of Education (Proposition 98), Program 20.60 for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction for the Professional Development Block Grant, pursuant to Chapter 3.2 (commencing with Section 41530) of Part 24 of the Education Code..... 274,718,000

Provisions:

1. Of the funds appropriated in this item, \$11,905,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.
2. The funds appropriated in this item reflect a reduction to the base of 0.48 percent for a decline in statewide average daily attendance.

6110-246-0001—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 Targeted Instructional Improvement Block Grant pursuant to Article 6 of Chapter 3.2 (commencing with Section 41540) of the Education Code..... 975,613,000

Provisions:

1. Of the funds appropriated in this item, \$46,619,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.
2. The funds appropriated in this item reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily attendance.
3. Notwithstanding any other provision of law, an additional \$100,118,000 in expenditures for this item has been deferred until the 2008–09 fiscal year.

6110-247-0001—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 School and Library Improvement Block Grant pursuant to Article 7 of Chapter 3.2 (commencing with Section 41570) of the Education Code..... 465,451,000

Provisions:

1. Of the funds appropriated in this item, \$20,171,000 is for the purpose of providing a

cost-of-living adjustment at a rate of 4.53 per- cent.	
2. The funds appropriated in this item also reflect a reduction to the base funding of 0.48 percent for a statewide decline in average daily atten- dance.	
6110-248-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Con- troller to Section A of the State School Fund for al- location by the Superintendent of Public Instruction for the unscheduled School Safety Consolidated Competitive Grant pursuant to Article 3 (commenc- ing with Section 41510) of Chapter 3.2 of Part 24 of the Education Code.....	18,050,000
Provisions:	
1. Of the funds appropriated in this item, \$782,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.53 percent.	
2. The funds appropriated in this item reflect a re- duction to the base funding of 0.48 percent for a statewide decline in average daily attendance.	
3. Notwithstanding any other provision of law, up to \$400,000 of the funds appropriated in this item may be used for contracts with county of- fices of education to provide regional training in safe school planning and crisis response and for statewide coordination of such training.	
4. The funds contained in this item shall first be used to offset any state-mandated reimbursable costs that may otherwise be claimed for the state mandates reimbursable process of implementing Chapter 996 of the Statutes of 1999. Local edu- cational agencies accepting funding from this item shall reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from this item.	
6110-260-0001—For local assistance, Department of Education (Proposition 98), 20.11-Instructional Support: Physical Education Teacher Incentive Grants.....	41,812,000
Provisions:	
1. The funds appropriated in this item are for transfer by the Controller to the Superintendent of Public Instruction to provide incentive grants to schools serving kindergarten or any of grades 1 to 8, inclusive, to support the hiring of more credentialed physical education teachers.	

These grants shall be allocated in the amount of \$36,586 per schoolsite in order to hire teachers to provide instruction in physical education courses. Grant recipients shall be randomly selected and be equitably distributed based on type of school, size, and geographic location.

- 2. As a condition of receipt of funds, school districts identified through the process required pursuant to Section 41020 of the Education Code as not meeting the required physical education instruction minutes required in Sections 51210, 51222, and 51233 of the Education Code, shall be required to provide a plan to the county office of education that corrects the deficient physical education minutes for the following school year and, to the extent practicable, make up the deficient minutes identified.

6110-265-0001—For local assistance, Department of Education (Proposition 98), Program 20.15—Arts and Music Block Grant..... 109,757,000
Provisions:

- 1. The funds appropriated in this item shall be for the purpose of providing block grants to school districts, charter schools, and county offices of education to support standards-aligned arts and music instruction in kindergarten and grades 1 to 12, inclusive. Local education agencies shall use these funds to supplement, and not supplant, existing resources for arts and music.
- 2. (a) (1) The State Department of Education shall allocate the funding to districts, charter schools, and county offices of education on the basis of an equal amount per pupil, provided that a minimum of \$2,500 shall be allocated for schoolsites with 20 or fewer pupils and a minimum of \$4,000 shall be allocated for schoolsites with more than 20 pupils.
- (2) Except as provided in subdivision (b), the governing board of a district, charter school, or county office of education shall distribute funds received pursuant to this item to all schoolsites on the basis of an equal amount per pupil or the schoolsite minimums as set forth in paragraph (1), whichever of the two amounts is greatest.

- (b) If the governing board elects not to allocate funds to schoolsites in the amounts specified pursuant to paragraph (2) of subdivision (a), the governing board shall do both of the following:
 - (1) Adopt a resolution to that effect at a public meeting. The resolution shall specify how the funds are to be allocated among schoolsites and for districtwide purposes and the reasons for those allocations.
 - (2) Prior to the public meeting, inform schoolsite councils, schoolwide advisory groups, or school support groups, as applicable, of the content of the proposed resolution and of the time and location where the resolution is proposed to be adopted.
 - (c) By February 2, 2008, as a condition of receipt of funds, the governing board of each school district shall provide a summary report to the State Department of Education of how these funds were expended or are proposed to be expended, the number of pupils, and the grade levels served. The department shall collect and compile this data and report that information to the Legislature and the Governor.
 - (d) For purposes of this provision, “school district” means a school district, county office of education, state special school, or direct-funded charter school, as described in paragraph (1) of subdivision (a) of Section 47651 of the Education Code.
3. The funds appropriated in this item may be used for hiring of additional staff, purchase of new materials, books, supplies, and equipment, and implementing or increasing staff development opportunities, as necessary to support standards-aligned arts and music instruction.
 4. Of the funds appropriated in this item, \$4,757,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 4.53 percent. The Superintendent of Public Instruction shall allocate these funds on an equal per-pupil basis to all schoolsites receiving more than the minimums specified in Provision 2.

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6110-266-0001—For local assistance, Department of Education (Proposition 98), Program 20.30.010—County Office of Education for Williams Audits.....	10,000,000
Provisions:	
1. Funds appropriated in this item are for allocation to county offices of education for the purposes of site visits pursuant to Sections 1240 and 52056 of the Education Code.	
6110-267-0001—For local assistance, Department of Education (Proposition 98), for Certificated Staff Mentoring Program.....	11,707,000
Schedule:	
(1) 20-Instructional Support.....	11,707,000
Provisions:	
1. The funds appropriated in this item shall be allocated by the Superintendent of Public Instruction to school districts for the purpose of encouraging excellent, experienced teachers to teach in staff priority schools and to assist teacher interns during their induction and first years of teaching, pursuant to Section 44560 of the Education Code.	
2. Of the funds appropriated in this item, \$507,000 is provided for a cost-of-living adjustment at a rate of 4.53 percent, for a total per-participant rate of \$6,274.	
6110-268-0001—For local assistance, Department of Education (Proposition 98), Child Oral Health Assessments Program, pursuant to Article 4 (commencing with Section 49452.8) of Chapter 9 of Part 27 of the Education Code.....	4,400,000
Provisions:	
1. The funds appropriated in this item shall be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of the Government Code for any reimbursable mandated cost claim for child oral health assessments. Local educational agencies accepting funding from this item shall reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from this item.	

6110-295-0001—For local assistance, Department of Education (Proposition 98), for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the cost of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller.....	38,000
Schedule:	
(1) 98.01.003.677-Annual Parent Notification (Ch. 36, Stats. 1977, et al.) (CSM 4445, 4453, 4461, 4462, 4474, 4488, 97-TC-24, 99-TC-09, 00-TC-12).....	1,000
(2) 98.01.009.894-Caregiver Affidavits (Ch. 98, Stats. 1994) (CSM 4497)....	1,000
(3) 98.01.016.193-Intradistrict Attendance (Ch. 161, Stats. 1993) (CSM 4454).....	1,000
(4) 98.01.048.765-Mandate Reimbursement Process (Ch. 486, Stats. 1975) (CSM 4485).....	1,000
(5) 98.01.049.801-Graduation Requirements (Ch. 498, Stats. 1983) (CSM 4435).....	1,000
(6) 98.01.049.802-Notification of Truancy (Ch. 498, Stats. 1983) (CSM 4133).....	1,000
(7) 98.01.049.803-Pupil Suspensions, Expulsions, Expulsion Appeals (Ch. 498, Stats. 1983, et al.) (CSM 4455, 4456, and 4463).....	1,000
(8) 98.01.078.192-Charter Schools (Ch. 781, Stats. 1992) (CSM 4437).....	1,000
(9) 98.01.079.980-PERS Death Benefits (Ch. 799, Stats. 1980).....	1,000
(10) 98.01.081.891-AIDS Prevention Instruction I and II (Ch. 818, Stats. 1991; Ch. 403, Stats. 1998) (CSM 4422; 99-TC-07, 00-TC-01).....	1,000
(11) 98.01.096.175-Collective Bargaining (Ch. 961, Stats. 1975) (CSM 4425, 97-TC-08).....	1,000
(12) 98.01.096.577-Pupil Health Screenings (Ch. 1208, Stats. 1976) (CSM 4440).....	1,000

(13)	98.01.097.595-Physical Performance Tests (Ch. 975, Stats. 1995) (96-365-01).....	1,000
(14)	98.01.101.184-Juvenile Court Notices II (Ch. 1011, Stats. 1984; Ch. 1423, Stats. 1984) (CSM 4475)....	1,000
(15)	98.01.110.784-Removal of Chemicals (Ch. 1107, Stats. 1984) (CSM 4211, 4298).....	1,000
(16)	98.01.111.789-Law Enforcement Agency Notifications (Ch. 1117, Stats. 1989) (CSM 4505, 4505-2)....	1,000
(17)	98.01.117.677-Immunization Records (Ch. 1176, Stats. 1977) (SB 90-120).....	1,000
(18)	98.01.118.475-Habitual Truants (Ch. 1184, Stats. 1975) (CSM 4487, 4487-A).....	1,000
(19)	98.01.125.375-Expulsion Transcripts (Ch. 1253, Stats. 1975).....	1,000
(20)	98.01.130.689-Notification to Teachers of Public Expulsion (Ch. 1306, Stats. 1989) (CSM 4452)....	1,000
(21)	98.01.134.780-Scoliosis Screening (Ch. 1347, Stats. 1980) (CSM 4195).....	1,000
(22)	98.01.139.874-PERS Unused Sick Leave Credit (Ch. 1398, Stats. 1974).....	1,000
(23)	98.01.030.995-Pupil Residency Verification and Appeals (Ch. 309, Stats. 1995) (96-384-01).....	1,000
(24)	98.01.058.897-Criminal Background Checks (Ch. 558, Stats. 1997) (97-TC-16).....	1,000
(25)	98.01.083.194-School Bus Safety I and II (Ch. 624, Stats. 1992; Ch. 831, Stats. 1994; Ch. 739, Stats. 1997) (97-TC-22).....	0
(26)	98.01.046.576-Peace Officers Procedural Bill of Rights (Ch. 465, Stats. 1976) (CSM 4499).....	1,000
(27)	98.01.361.977-Financial and Compliance Audits (Ch. 36, Stats. 1977) (CSM 4498, 4498-A).....	1,000

(28) 98.01.064.097-Physical Education Reports (Ch. 640, Stats. 1997) (98-TC-08).....	1,000
(29) 98.01.112.096-Health Benefits for Survivors of Peace Officers and Firefighters (Ch. 1120, Stats. 1996) (97-TC-25).....	1,000
(30) 98.01.091.787-County Office of Education Fiscal Accountability Reporting (Ch. 917, Stats. 1987) (97-TC-20).....	1,000
(31) 98.01.010.081-School District Fiscal Accountability Reporting (Ch. 100, Stats. 1981) (97-TC-19).....	1,000
(32) 98.01.012.693-Law Enforcement Sexual Harassment Training (Ch. 126, Stats. 1993) (97-TC-07).....	0
(33) 98.01.078.495-County Treasury Withdrawals (Ch. 784, Stats. 1995) (96-365-03).....	0
(34) 98.01.073.697-Comprehensive School Safety Plans (Ch. 736, Stats. 1997) (98-TC-01, 99-TC-10).....	1,000
(35) 98.01.032.578-Immunization Records—Hepatitis B (Ch. 325, Stats. 1978; Ch. 435, Stats. 1979) (98-TC-05).....	1,000
(36) 98.01.119.280-School District Reorganization (Ch. 1192, Stats. 1980; Ch. 1186, Stats. 1994) (98-TC-24).....	1,000
(37) 98.01.003.498-Charter Schools II (Ch. 34, Stats. 1998; Ch. 673, Stats. 1998) (99-TC-03).....	1,000
(38) 98.01.059.498-Criminal Background Checks II (Ch. 594, Stats. 1998; Ch. 840, Stats. 1998, Ch. 78, Stats. 1999) (00-TC-05).....	1,000
(39) 98.01.117.096-Grand Jury Proceedings (Ch. 1170, Stats. 1996, et al.) (98-TC-27).....	0
(40) 98.01.074.398-Pupil Promotion and Retention (Ch. 100, Stats. 1981, et al.) (98-TC-19).....	1,000

- (41) 98.01.033.198-Teacher Incentive Program (Ch. 331, Stats. 1998) (99-TC-15)..... 1,000
- (42) 98.01.030.098-Differential Pay and Reemployment (Ch. 30, Stats. 1998) (99-TC-02)..... 1,000

Provisions:

- 1. If the amount appropriated in this item is less than the amount required to fund eligible claims contained in this item and in Item 6870-295-0001, the Controller shall prorate payments proportionately between these items.
- 2. Notwithstanding any other provision of law, the funds allocated for PERS Death Benefits (Ch. 799, Stats. 1980) and PERS Unused Sick Leave Credit (Ch. 1398, Stats. 1974) are for transfer to the Public Employees' Retirement System for reimbursement of costs incurred pursuant to Chapter 1398 of the Statutes of 1974 or Chapter 799 of the Statutes of 1980.
- 3. Pursuant to Section 17581.5 of the Government Code, mandates included in the language of this provision are specifically identified by the Legislature for suspension during the 2007-08 fiscal year:
 - (25) School Bus Safety I and II (Ch. 624, Stats. 1992; Ch. 831, Stats. 1994; Ch. 739, Stats. 1997) (97-TC-22).
 - (32) 98.01.012.693-Law Enforcement Sexual Harassment Training (Ch. 126, Stats. 1993) (97-TC-07).
 - (33) 98.01.078.495-County Treasury Withdrawals (Ch. 784, Stats. 1995) (96-365-03).
 - (39) 98.01.117.096-Grand Jury Proceedings (Ch. 1170, Stats. 1996, et al.) (98-TC-27).

6110-301-0660—For capital outlay, Department of Education, payable from the Public Buildings Construction Fund..... 16,570,000

Schedule:

California School for the Deaf, Riverside:

- (1) 80.80.030-Multipurpose/Activity Center—Working drawings, construction, and equipment..... 2,342,000
- (2) 80.80.050-Career and Technical Education Complex and Service Yard—Working drawings and construction..... 3,845,000

(3) 80.80.065-Academic Support
Cores, Bus Loop, and Renova-
tion—Preliminary plans, working
drawings, construction, and equip-
ment..... 10,383,000

Provisions:

1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance all phases of the projects authorized by this item.
2. The State Department of Education and the State Public Works Board are authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
3. The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This section does not exempt the State Department of Education from the requirements of the California Environmental Quality Act. This section is declarative of existing law.
4. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for expenditure until June 30, 2010.

6110-401—For maintenance of accounting records by the Controller’s office and the Department of Education or any other agency maintaining such records, appropriations made in this act for agency 6110 (Department of Education) are to be recorded under agency 6100 (Department of Education).

6110-402—Notwithstanding any provision of law to the contrary, no funds appropriated in this act, or by any act enacted prior to the enactment of this act, shall be, in the absence of a court order, deemed appropriated or available for expenditure for purposes of claims for vocational education average daily attendance arising from Section 46140 of the Education

Code as it read prior to the enactment of Chapter 1230 of the Statutes of 1977.

6110-485—Reappropriation (Proposition 98), Department of Education. The sum of 150,674,000 is hereby reappropriated from the Proposition 98 Reversion Account, for the following purposes:

0001—General Fund

- (1) \$100,000,000 to the School Facilities Program for the purpose of funding the School Facilities Emergency Repair Account as required by Chapter 899 of the Statutes of 2004.
- (2) \$8,810,000 to the State Department of Education for the purpose of the Teacher Credentialing Block Grant pursuant to Article 4 (commencing with Section 41520) of Chapter 3.2 of Part 24 of the Education Code to fund estimated participation in the 2006–07 budget year.
- (8) \$4,100,000 to the State Department of Education for the purpose of funding community day school program deficiencies from the 2006–07 fiscal year.
- (9) \$1,900,000 to the State Department of Education on a one-time basis for maintenance of the K–12 High Speed Network. The program shall provide a status report to the Department of Finance, Legislative Analyst’s Office, and budget committees of each house of the Legislature by March 1, 2008, on the use of these funds and whether any unplanned program savings are anticipated (due to vendor allowances, base program savings, or other specified matters).
- (11) \$385,000 to the Superintendent of Public Instruction, on a one-time basis, for allocation to the Fiscal Crisis and Management Assistance Team (FCMAT) to conduct comprehensive assessments pursuant to Section 41327.1 of the Education Code. Of the amount appropriated in this paragraph, FCMAT shall use \$150,000 for an assessment of the Oakland Unified School District, \$125,000 for an assessment of the Vallejo City Unified School District and \$110,000 for an assessment of the West Fresno Elementary School District. The FCMAT shall provide a copy of the written report to the appropriate fiscal and policy committees of the Legislature, the Members of the Legislature representing those school districts, any advisory councils of

those school districts, the Superintendent of Public Instruction, the county superintendent of schools with jurisdiction over those school districts, the Department of Finance, and the Office of the Secretary for Education.

- (12) \$35,479,000 to the State Department of Education, on a one-time basis, to backfill the Deferred Maintenance Program.

6110-486—Reappropriation, Department of Education. Notwithstanding any other provision of law, \$18,200,000, or the unexpended amount thereof, from Item 6110-485, Schedule (9), Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as amended by Item 6110-486, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), is reappropriated for the purposes specified and shall be available for encumbrance or expenditure until June 30, 2008, and liquidation until June 30, 2010.

6110-490—Reappropriation, Department of Education. The balances of the appropriations provided for in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriation:

6110—Public Building Construction Fund

- (1) Item 6110-301-0660, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 6110-490, Budget Acts of 2004 and 2005 (Ch. 208, Stats. 2004, and Chs. 38 and 39, Stats. 2005)

California School for the Deaf, Riverside:

- (1) 80.80.030-Multipurpose/Activity Center—Construction and equipment

- (2) Item 6110-301-0660, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).

California School for the Deaf, Riverside:

- (.5) 80.80.030-Multipurpose/Activity Center—Construction

- (1) 80.80.050-Career and Technical Education Complex and Service Yard—Working drawings, construction, and equipment

6110-491—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, in those appropriations, and shall be available for encumbrance or expenditure until June 30, 2008:

- (1) Schedule (1) of Item 6110-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). Of the funds appropriated in this item, \$289,000 is available for the 2007–08 fiscal year for the purpose of fulfilling contracting services with local education agencies pursuant to the Mental Health Services Act (Proposition 63).
- (2) \$66,500,000 from Item 6100-123-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) is reappropriated for the purposes specified.
- (3) \$35,500,000 from Item 6110-123-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) is reappropriated for the purposes specified.

6110-492—Reappropriation, Department of Education. Notwithstanding any other provision of law, the following specified balances are reappropriated from the following citations, for the purposes specified:

- (1) \$174,000, or the unexpended amount thereof, is reappropriated and shall be available for encumbrance, and 1.0 limited-term position is extended, from Provision 28 of Item 6110-001-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), for the purposes specified, until December 31, 2008.
- (2) \$50,000 from Item 6110-001-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) is reappropriated to the State Department of Education for supporting the Curriculum Development and Supplemental Materials Commission and the State Board of Education for the purpose of reviewing the standards-based Native American instructional resources developed pursuant to Section 13041 of the Education Code.

6110-493—Reappropriation, Department of Education. Notwithstanding Section 8482.4 of the Education Code, \$300,000 from Item 6110-001-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), is reappropriated for the purposes specified in subdivision (c) of Section 8483.55 of the Education Code and shall be available for encumbrance or expenditure until June 30, 2008, and liquidation until June 30, 2013.

6110-494—Reappropriation, Department of Education. Notwithstanding any other provision of law, the following specified balances are reappropriated from the following citations, for the purposes specified, and shall be available for encumbrance or expenditure until June 30, 2008:

Provisions:

1. Notwithstanding Section 8278 of the Education Code, \$7,764,000 of the remaining General Fund balance of the amount appropriated in Schedule (1.5)(e) for CalWORKs Stage 2 child care in Item 6110-196-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
2. Notwithstanding Section 8278 of the Education Code, \$4,538,000 of the remaining General Fund balance of the amount appropriated in Schedule (1.5)(f) for CalWORKs Stage 3 child care in Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
3. Notwithstanding Section 8278 of the Education Code, \$556,000 of the remaining unallocated General Fund balance of the amount appropriated in Item 6110-196-0001 of the Budget Act of 2003 (Ch. 157, Stats. 2003), with the exception of Schedules (1.5)(e) and (1.5)(f) for CalWORKs child care programs, shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
4. Notwithstanding Section 8278 of the Education Code, \$421,000 of the remaining unallocated General Fund balance of the amount appropriated in Item 6110-196-0001 of the Budget Act of 2002 (Ch. 379, Stats. 2002), with the exception of Schedules (1.5)(e) and (1.5)(f) for CalWORKs child care programs, shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
5. Notwithstanding Section 8278 of the Education Code, \$1,514,000 of the remaining unallocated General Fund balance of the amount appropriated in Item 6110-196-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
6. Notwithstanding Section 8278 of the Education Code, \$8,424,000 of the remaining unallocated General Fund balance of the amount appropriated in Schedule (1) of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

- shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
7. Notwithstanding Section 8278 of the Education Code, \$12,994,000 of the remaining unallocated General Fund balance of the amount appropriated in Schedule (1.5)(a) of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
 8. Notwithstanding Section 8278 of the Education Code, \$341,000 of the remaining unallocated General Fund balance of the amount appropriated in Schedule (1.5)(b) of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
 9. Notwithstanding Section 8278 of the Education Code, \$1,073,000 of the remaining unallocated General Fund balance of the amount appropriated in Schedule (1.5)(c) of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
 10. Notwithstanding Section 8278 of the Education Code, \$91,000 of the remaining unallocated General Fund balance of the amount appropriated in Schedule (1.5)(d) of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
 11. Notwithstanding Section 8278 of the Education Code, \$1,000 of the remaining unallocated General Fund balance of the amount appropriated in Schedule (1.5)(g) of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
 12. Notwithstanding Section 8278 of the Education Code, \$1,783,000 of the remaining unallocated General Fund balance of the amount appropriated in Schedule (1.5)(e) of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats.

- 2005) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
13. Notwithstanding Section 8278 of the Education Code, \$2,000 of the remaining unallocated General Fund balance of the amount appropriated in Schedule (1.5)(f) of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
 14. Notwithstanding Section 8278 of the Education Code, \$985,000 of the remaining unallocated General Fund balance of the amount appropriated in Schedule (1.5)(i) of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
 15. Notwithstanding Section 8278 of the Education Code, \$39,000 of the remaining unallocated General Fund balance of the amount appropriated in Schedule (1.5)(j) of Item 6110-196-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) shall be available only for expenditure for CalWORKs Stage 2 during the 2007–08 fiscal year.
- 6110-495—Reversion, Department of Education, Proposition 98. The following amounts shall be reverted to the Proposition 98 Reversion Account by the Controller within 60 days of enactment of this act:
- 0001—General Fund
- (1) \$10,000,000 of the balance in the Child Care Facilities Revolving Fund established pursuant to Section 8278.3 of the Education Code.
 - (2) \$10,202,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (1) and (2) of Item 6110-113-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
 - (3) \$298,000 or whatever the greater or lesser amount reflects the unencumbered balance of the amount appropriated for Specialized Secondary Programs in Item 6110-122-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).

- (4) \$14,200,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (1) and (2) of Item 6110-123-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (6) \$1,394,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (2) and (4) of Item 6110-113-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (7) \$1,550,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (1) and (2) of Item 6110-116-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (9) \$1,515,000 or whatever the greater or lesser amount reflects the unexpended funds from Item 6110-166-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (10) \$305,000 or whatever the greater or lesser amount reflects the unexpended funds from Item 6110-195-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (11) \$111,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedule (7) of Item 6110-485 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (12) \$10,000,000 or whatever lesser or greater amount reflects the unexpended funds from Schedule (3) of Item 6110-491 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (13) \$1,500,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-113-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (14) \$266,000 or whatever lesser or greater amount reflects the unexpended funds from Schedule (3) of Item 6110-491 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (15) \$200,000 or whatever lesser or greater amount reflects the unexpended funds from Schedule (3) of Item 6110-491 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (16) \$2,300,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-203-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).

- (17) \$1,325,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-224-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (18) \$953,000 from Schedule (1) of Item 6110-228-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (19) \$200,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-161-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (20) \$84,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-245-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (21) \$10,583,000 or whatever greater or lesser amount reflects the unexpended funds from subparagraph (D) of paragraph (1) of subdivision (a) of Chapter 900 of the Statutes of 2004.
- (22) \$5,094,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-234-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (23) \$1,000,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (3) of Item 6110-198-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (24) \$1,000,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-203-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (25) \$693,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-649-0001 from the 2004–05 fiscal year appropriation pursuant to Section 8483.5 of the Education Code, as enacted by Proposition 49 in 2002.
- (26) \$657,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-193-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (27) \$418,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-111-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (28) \$71,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-

161-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).

- (29) \$10,675,000 or whatever greater or lesser amount reflects the unexpended funds from paragraph (3) of subdivision (a) of Chapter 227 of the Statutes of 2003.
- (30) \$5,362,000 or whatever greater or lesser amount reflects the unexpended funds from paragraph (5) of subdivision (a) of Section 44 of Chapter 227 of the Statutes of 2003.
- (31) \$55,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (4) of Item 6110-226-0001 of the Budget Act of 2002 (Ch. 379, Stats. 2002).

6110-496—Reversion, Department of Education.

Provisions:

1. The Superintendent of Public Instruction is hereby authorized to initiate the reversion of appropriations in cases where the balance available for reversion is less than \$50,000, and either of the following applies:
 - (a) The program in question has expired.
 - (b) The Superintendent of Public Instruction certifies that the original purpose of the appropriation would not be accomplished by further expenditure.
2. The State Department of Education may periodically review its accounts at the Controller's office to identify appropriations that meet these criteria. Upon the request of the State Department of Education, the Director of Finance may issue an executive order to revert identified appropriations. The Controller shall timely revert appropriations identified in the executive order to the fund from which the appropriation was originally made (or a successor fund in the case of an expired fund), or to the Proposition 98 Reversion Account, whichever is appropriate.

6110-497—Reversion, Department of Education. As of June 30, 2007, the balance specified below, of the appropriation provided in the following citation, shall revert to the balance in the fund from which the appropriation was made:

0001—General Fund

- (1) \$940,000 from Schedule (2) of Item 6110-001-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).

6120-011-0001—For support of California State Library, Division of Libraries, and California Library Services Board.....	11,961,000
Schedule:	
(1) 10-State Library Services.....	14,786,000
(2) 20-Library Development Services....	4,487,000
(3) 30-Information Technology Services.....	1,309,000
(4) 40.01-Administration.....	1,953,000
(5) 40.02-Distributed Administration....	-1,953,000
(6) Reimbursements.....	-1,599,000
(7) Amount payable from the Federal Trust Fund (Item 6120-011-0890)....	-7,022,000
Provisions:	
1. Of the funds appropriated in this item, \$52,000 is provided on a one-time basis for purposes of initiating the Integrated Library System Replacement Project.	
6120-011-0020—For support of California State Library, Program 10-State Library Services, for support of the State Law Library, payable from the State Law Library Special Account.....	580,000
Provisions:	
1. The Director of Finance may authorize the augmentation of the total amount available for expenditure under this item in the amount of revenue received by the State Law Library Special Account which is in addition to the revenue appropriated in this item or in the amount of funds unexpended from previous fiscal years, not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.	
6120-011-0890—For support of California State Library, for payment to Item 6120-011-0001, payable from the Federal Trust Fund.....	7,022,000
6120-011-6000—For support of California State Library, Program 20-Library Development Services-Office of Library Construction (Proposition 14), payable from the California Public Library Construction and Renovation Fund.....	2,874,000

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Item

STATUTES OF 2007

[Ch. 171]
Amount

6120-011-6029—For support of California State Library, Program 10-State Library Services-Administration of the California Cultural and Historical Endowment, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund.....	1,817,000
Provisions:	
1. Funds in this item are available for the administration of the California Cultural and Historical Endowment authorized by Chapter 157 of the Statutes of 2003.	
6120-012-0001—For support of California State Library, for rental payments on lease-revenue bonds.....	2,348,000
Schedule:	
(1) Base Rental and Fees.....	2,465,000
(2) Insurance.....	14,000
(3) Reimbursements.....	-131,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
6120-013-0001—For support of California State Library, Program 10-State Library Services—Sutro Library Special Repairs Project.....	17,000
6120-150-0001—For local assistance, California State Library, for the California Civil Liberties Public Education Program.....	500,000
Provisions:	
1. The funds appropriated in this item shall be used to provide competitive grants pursuant to the provisions of Part 8.5 (commencing with Section 13000) of Division 1 of the Education Code.	
6120-151-0483—For support of California State Library, Program 20-Library Development Services, for telephonic services authorized by Chapter 654 of the Statutes of 2001, payable from the Deaf and Disabled Telecommunications Program Administrative Committee Fund.....	552,000

Provisions:

- 1. The funds appropriated in this item shall be used to operate the Telephonic Reading for the Blind Program. Any federal funds received for this purpose shall offset the appropriation in this item. Any remaining funds in this item shall revert to the Deaf and Disabled Telecommunications Program Administrative Committee Fund.

6120-160-0001—For local assistance, California State Library, Program 20-Library Development Services—California Newspaper Project.....	240,000
6120-211-0001—For local assistance, California State Library, Program 20-Library Development Services.....	21,342,000

Schedule:

- (1) 20.30-Direct Loan and Interlibrary Loan Programs..... 18,616,000
- (2) 20.50-California Library Services Act pursuant to Chapter 4 (commencing with Section 18700) of Part 11 of the Education Code..... 2,726,000

6120-211-0890—For local assistance, California State Library, Program 20-Library Development Services, payable from the Federal Trust Fund.....	12,518,000
6120-213-0001—For local assistance, California State Library, Program 20-Library Development Services—California English Acquisition and Literacy Program.....	5,064,000

Provisions:

- 1. Funds in this item are available for the California English Acquisition and Literacy Program pursuant to Section 18736 of the Education Code.

6120-221-0001—For local assistance, California State Library, Program 20-Library Development Services—Public Library Foundation Program.....	22,360,000
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Provisions:

- 1. Notwithstanding any other provision of law, for the 2007–08 fiscal year, the date on or before which the fiscal officer of each public library shall report to the State Librarian the information specified in Section 18023 of the Education Code shall be December 1, 2007.
- 2. Notwithstanding any other provision of law, for the 2007–08 fiscal year, the date on or before which the Controller shall distribute funds to the fiscal officer of each public library as specified

in Section 18026 of the Education Code shall be February 15, 2008.

- 3. It is the intent of the Legislature that the funds appropriated in this item be allocated consistent with the provisions of Section 18025 of the Education Code.

6120-490—Reappropriation, California State Library.

The balance of the appropriation provided in the following citation is reappropriated for the purposes provided in that appropriation and shall be available for encumbrance or expenditure until June 30, 2010:

6029—California Clean Water, Clean Air, Safe Neighborhood, Parks, and Coastal Protection Fund

- (1) Item 6120-101-6029, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 6120-490, Budget Act of 2004 (Ch. 208, Stats. 2004).

6125-001-0001—For support of the Education Audit Appeals Panel.....

1,338,000

Schedule:

- (1) 10-Education Audit Appeals Panel..... 1,338,000

6255-001-0001—For support of California State Summer School for the Arts.....

1,528,000

Schedule:

- (1) 10-California State Summer School for the Arts..... 1,528,000

6330-001-0001—For support of the California Career Resource Network.....

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Schedule:

- (1) 10-California Career Resource Network..... 437,000
 - (2) Reimbursements..... -437,000
- Provisions:

- 1. The funds appropriated in this item shall be used specifically to (a) develop relevant career exploration tools and materials, (b) publish timely information on existing job labor markets and career opportunities, and (c) disseminate these materials to middle and high school counselors throughout the state.

6360-001-0407—For support of the Commission on Teacher Credentialing, payable from the Teacher Credentials Fund.....

14,941,000

Schedule:

- (1) 10-Standards for Preparation and Licensing of Teachers..... 15,189,000

(2) 10.40.010-Departmental Administration.....	4,549,000
(3) 10.40.020-Distributed Departmental Administration.....	-4,549,000
(4) Reimbursements.....	-248,000

Provisions:

1. The amount appropriated in this item may be increased based on increases in credential applications, increases in first-time credential applications requiring fingerprint clearance, unanticipated costs associated with certificate discipline cases, or unanticipated costs of litigation, subject to approval of the Department of Finance, not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.
2. To ensure the Teacher Credentials Fund reserve remains at a prudent level, the Commission on Teacher Credentialing shall charge no more than \$55 for the issuance or renewal of a teaching credential.
3. Of the funds appropriated in Schedule (1), \$366,000 is for maintenance costs of the Teacher Credentialing Service Improvement Project.
4. If the funds available in the Teacher Credentials Fund are insufficient to meet the operational needs of the Commission on Teacher Credentialing, the Department of Finance may authorize a loan to be provided from the Test Development and Administration Account to the Teacher Credentials Fund. The Department of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of its intent to request that the Controller transfer the amount projected to be required from the Test Development and Administration Account to the Teacher Credentials Fund. The Controller shall transfer those funds not sooner than 30 days after this notification.
5. The Commission on Teacher Credentialing (CTC) shall submit quarterly reports to the Legislature, the Legislative Analyst's Office, and the Department of Finance on the minimum, maximum, and average number of days taken to process: (a) renewal and university-recom-

mended credentials, (b) out-of-state and special education credentials, (c) service credentials and supplemental authorizations, (d) adult and vocational education certificates and child center permits, (e) emergency permits, and (f) the percentage of renewals and new applications completed online. The report should also include information on the total number of each type of application and the hours of staff time utilized to process the different types of credentials. The quarterly reports shall commence on October 1, 2007, and provide monthly data for July, August, and September. Subsequent reports shall include historical data as well as data from the most recent quarter. The CTC shall work to reduce its processing time.

6. Four existing positions from the Professional Services Division that were reclassified in the 2006–07 fiscal year to establish three staff services analyst and four office technician positions in the Certifications, Assignments and Waivers Division, for the purpose of addressing the application backlog shall be extended through June 30, 2008. Backlog is defined as applications received that have not been processed after 10 days. The Commission on Teacher Credentialing shall submit quarterly reports, in a format approved by the Office of the Secretary for Education in consultation with the Department of Finance, to the Legislature, Legislative Analyst’s Office, the Office of the Secretary for Education, and the Department of Finance. The first quarterly report shall be due on October 1, 2007. The report shall include information on the total number of backlogged applications, the number and percent the backlog was reduced in each of the three months of that quarter, and an estimate of when the backlog will be fully addressed.
7. Of the reimbursement authority provided in Schedule (4), \$248,000 is available on a one-time basis from federal Title II through an inter-agency agreement with the State Department of Education to support 1.0 two-year limited-term Staff Information Systems Analyst, 1.0 two-year limited-term Senior Information Systems Analyst, 0.5 two-year limited-term Associate Governmental Program Analyst, and other costs as-

sociated with the development of the Teacher Database System.

- 8. Of the funds appropriated in Schedule (1), \$227,000 and 2.0 permanent positions are provided to support implementation of the revised accreditation system.
- 9. Of the funds appropriated in Schedule (1), \$113,000 and 1.0 limited-term two-year position are provided to support review and revision of the specialist credential authorizing the teaching of special education, the specialist credential in reading and language arts, the reading certificate, and the designated subjects vocational education teaching credential, and revision of the standards related to intern and induction programs.

6360-001-0408—For support of the Commission on Teacher Credentialing, payable from the Test Development and Administration Account, Teacher Credentials Fund.....

4,188,000

Schedule:

- (1) 10-Standards for Preparation and Licensing of Teachers..... 4,188,000

Provisions:

- 1. The amount appropriated in this item may be increased for unanticipated costs of litigation, or for costs from increases in the number of examinees, subject to approval of the Department of Finance, not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house and the Chairperson of the Joint Legislative Budget Committee.
- 2. Notwithstanding Section 44234 of the Education Code, funds that are set aside for pending litigation costs shall not be considered part of the reserve of the Teacher Credentials Fund for purposes of subdivision (b) of Section 44234 of the Education Code.
- 3. If the funds available in the Teacher Credentials Fund are insufficient to meet the operational needs of the Commission on Teacher Credentialing, the Department of Finance may authorize a loan to be provided from the Test Development and Administration Account to the Teacher Credentials Fund. The Department of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of its intent to request that the Controller transfer

the amount projected to be required from the Test Development and Administration Account to the Teacher Credentials Fund. The Controller shall transfer those funds not sooner than 30 days after this notification.

- 4. Of the funds appropriated in this item \$237,000 is provided to support 2.0 positions and other costs associated with the development and implementation of the Teacher Performance Assessment by July 1, 2008 pursuant to Section 44320.2 of the Education Code.

6360-101-0001—For local assistance, Commission on Teacher Credentialing (Proposition 98), Program 10, Standards for Preparation and Licensing of Teachers..... 39,881,000

Schedule:

- (1) 10.20.001-Alternative Certification Program..... 31,723,000
- (2) 10.20.002-California School Paraprofessional Teacher Training Program..... 7,850,000
- (3) 10.10.001-Teacher Misassignment Monitoring..... 308,000

Provisions:

- 1. The funds appropriated in Schedule (1) are for school districts and county offices of education participating in the alternative certification programs established pursuant to Article 11 (commencing with Section 44380) of Chapter 2 of Part 25 of the Education Code. Of these funds, \$6,800,000 is available to increase intern grants for school districts and county offices that agree to enhance internship programs and address the distribution of beginning teachers pursuant to Section 44387 of the Education Code.
- 2. The funds appropriated in Schedule (2) are for school districts and county offices of education participating in the California School Paraprofessional Teacher Training Program established pursuant to Article 12 (commencing with Section 44390) of Chapter 2 of Part 25 of the Education Code at a per-participant rate of \$3,500.
- 3. The funds appropriated in Schedule (3) shall be used to reimburse county offices of education for costs associated with monitoring public schools and school districts for teacher misassignments. Funds shall be allocated on a basis

determined by the Commission on Teacher Credentialing. Districts and county offices receiving funds for credential monitoring will provide reasonable and necessary information to the commission as a condition of receiving these funds.

6360-495—Reversion, California Commission on Teacher Credentialing. The following amounts shall revert to the Proposition 98 Reversion Account:	
(1) \$5,355,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6360-101-0001, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).	
(2) \$1,471,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (2) of Item 6360-101-0001, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).	
(3) \$7,441,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6360-101-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).	
(4) \$1,645,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (2) of Item 6360-101-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).	
6420-001-0001—For support of California Postsecondary Education Commission.....	2,186,000
Schedule:	
(1) 100000-Personal Services.....	1,998,000
(2) 300000-Operating Expenses and Equipment.....	640,000
(3) Reimbursements.....	-3,000
(4) Amount payable from the Federal Trust Fund (Item 6420-001-0890)....	-449,000
6420-001-0890—For support of California Postsecondary Education Commission, for payment to Item 6420-001-0001, payable from the Federal Trust Fund.....	449,000
6420-101-0890—For local assistance, California Postsecondary Education Commission, payable from the Federal Trust Fund.....	8,579,000
Provisions:	
1. The funds appropriated in this item are for local assistance activities funded through the No Child Left Behind Act (P.L. 107-110).	
6440-001-0001—For support of University of California.....	3,019,559,000

Schedule:

(1) Support.....	2,936,063,000
(2) Charles R. Drew Medical Program.....	8,738,000
(3) Acquired Immune Deficiency Syndrome (AIDS) Research.....	9,214,000
(4) Student Financial Aid.....	52,199,000
(5) Loan Repayments.....	5,105,000
(6) San Diego Supercomputer Center....	3,240,000
(7) Subject Matter Projects.....	5,000,000

Provisions:

1. The appropriations made in this item are exempt from Section 31.00.
2. None of the funds appropriated in this item may be expended to initiate major capital outlay projects by contract without prior legislative approval, except for cogeneration and energy conservation projects. Exempted projects shall be reported in a manner consistent with the reporting procedures in subdivision (d) of Section 28.00.
3. The funds appropriated in Schedule (2) are for support of University of California program of clinical health sciences education, research, and public service, conducted in conjunction with the Charles R. Drew University of Medicine and Science, as provided for in Sections 1, 2, and 3 of Chapter 1140 of the Statutes of 1973. Of the funds appropriated, \$500,000 is contingent upon the provision by the University of California of an equal amount of matching funds from its own resources. The University of California shall ensure by adequate controls that funds appropriated in Schedule (2) are expended solely for the support of the program identified in that schedule.
4. Of the funds appropriated in Schedule (1), \$2,629,957 shall be available for expenditure only for support of the Northern and Southern Occupational Health Centers as established by a contract entered into with the Department of Industrial Relations pursuant to Section 50.8 of the Labor Code.
5. The funds appropriated in Schedule (4) are for support of Program 45, Student Financial Aid, to provide financial aid to needy students attending the University of California, according to

- the nationally accepted needs analysis methodology.
6. Of the funds appropriated in Schedule (1), \$2,762,129 is for payment of energy service contracts in connection with the issuance of State Public Works Board Energy Efficiency Revenue Bonds.
 7. Of the funds appropriated in Schedule (5), \$2,700,000 is for repayment of \$25,000,000 borrowed by the University of California for deferred maintenance in the 1994–95 fiscal year. It is the intent of the Legislature to annually provide funds for that repayment purpose through the 2009–10 fiscal year.
 8. Of the funds appropriated in Schedule (5), \$2,405,000 is for repayment of \$25,000,000 borrowed by the University of California for deferred maintenance in the 1995–96 fiscal year. It is the intent of the Legislature to annually provide funds for that repayment purpose through the 2010–11 fiscal year.
 9. Of the funds appropriated in Schedule (1), \$2,108,000 is for the California State Summer School for Math and Science (COSMOS). The University of California shall report on the outcomes and effectiveness of COSMOS every five years, commencing April 1, 2011.
 10. Of the funds appropriated in Schedule (1), \$770,000 is for the Welfare Policy Research Project, pursuant to Article 9.7 (commencing with Section 11526) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.
 11. Notwithstanding Section 3.00, for the term of the financing, the University of California may use funds appropriated in Schedule (1) for debt service and costs associated with the purchase, renovation, and financing of a facility for the UC-Mexico research and academic programs in Mexico City. The amount to be financed shall not exceed \$7,000,000. The university shall report to the Legislature by March 15, 2008, on the (a) amount of funds spent to support the UC-Mexico facility, including the specific use of these funds, (b) amount of funds spent to support UC-Mexico research and academic programs, and (c) different types of research conducted

- and programs operated at the UC-Mexico facility.
12. Of the funds provided in Schedule (1), \$1,125,000 is appropriated for science and math resource centers to implement the Science and Math Teacher Initiative. The University of California (UC) shall report to the Legislature and the Governor by February 1, 2008, on its progress toward increasing the quality and supply of science and math teachers. This report shall include the following information: (a) annual number of math and science teachers awarded credentials (by each UC campus) beginning with the 2004–05 academic year (before the state first provided funding for the initiative), (b) an expenditure plan on the use of the funds appropriated in this provision, (c) the effectiveness of the initiative’s different components and activities, including an identification of best practices, and (d) the job placement of students who earn a math or science teacher credential, including the location of the K–12 school of employment and whether it is in an urban, rural, or suburban setting.
 13. Of the funds appropriated in Schedule (1), \$52,930,000 is to fund 5,000 additional state-supported full-time equivalent students (FTES) at the University of California, based on a marginal General Fund cost of \$10,586 per additional student. This funding rate is based on a methodology for determining the marginal cost of each additional state-supported student, as adopted by the Legislature for the 2006–07 fiscal year. This methodology calculates a total marginal cost (including operation and maintenance costs and faculty costs based on the salaries of recently hired professors) and then subtracts from this cost the fee revenue the university anticipates from each additional student (after adjusting for financial aid), in order to determine the amount of General Fund support needed from the state. It is the intent of the Legislature that enrollment growth funding provided to the university in subsequent fiscal years be based on this specific methodology. The Legislature expects the University of California to enroll a total of 198,455 state-supported

FTES during the 2007–08 academic year. This enrollment target does not include nonresident students and students enrolled in non-state-supported summer programs. The University of California shall report to the Legislature by March 15, 2008, on whether it has met the 2007–08 enrollment goal. For purposes of this provision, enrollment totals shall only include state-supported students. If the University of California does not meet its total state-supported enrollment goal by at least 250 FTES, the Director of Finance shall revert to the General Fund by April 1, 2008, the total amount of enrollment funding associated with the total share of the enrollment goal that was not met.

14. Of the funds appropriated in Schedule (1), \$1,050,000 shall be used to support 70 full-time equivalent students in the Program in Medical Education (PRIME) at the Irvine, Davis, San Diego, and San Francisco campuses. The primary purpose of this program is to train physicians specifically to serve in underrepresented communities. The University of California shall report to the Legislature by March 15, 2008, on (a) its progress in implementing the PRIME program and (b) the use of the total funds provided for this program from both state and nonstate resources.
15. Of the funds provided in Schedule (1), \$1,617,000 is appropriated to fund the full cost of a minimum of 122 full-time equivalent students in entry-level clinical nursing programs and entry-level master's degree programs in nursing, and \$103,000 is to support an additional 20 master's degree level nursing students. This funding is intended as a supplement to marginal cost support provided within the University of California's enrollment growth funding, in recognition of the higher costs associated with master's degree level nursing programs. The university shall report to the Legislature and the Governor by May 1, 2008, on its progress toward meeting this enrollment goal.
16. Of the funds appropriated in Schedule (1), \$475,000 shall be expended for the Center for Earthquake Engineering Research, contingent upon the center continuing to receive federal

- matching funds from the National Science Foundation.
17. Of the funds appropriated in Schedule (1), \$385,000 shall be expended for viticulture and enology research, contingent upon the receipt of an equal amount of private sector matching funds.
 18. Of the funds appropriated in Schedule (1), \$18,000,000 is for substance abuse research at the Neurology Department of the University of California, San Francisco.
 19. Of the funds appropriated in Schedule (1), \$770,000 shall be used for lupus research at the University of California, San Francisco.
 20. Of the funds appropriated in Schedule (1), \$1,539,000 shall be used to expand spinal cord injury research.
 21. Of the funds appropriated in Schedule (1), \$3,848,000 is to fund the Medical Investigation of Neurodevelopmental Disorders (MIND) Institute, including \$3,500,000 for a research grants program.
 22. It is the intent of the Legislature that the University of California submit an annual report by March 1 of each year through the 2010–11 fiscal year to the Joint Legislative Budget Committee, legislative fiscal subcommittees, and the Department of Finance on the university's progress in reforming its compensation policies and practices, reflecting the criteria specified in Provision 27 of Item 6440-001-0001 of Section 2.00 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
 24. Of the funds appropriated in Schedule (1), \$19,300,000 is for student academic preparation and education programs (SAPEP) and is to be matched with \$12,000,000 from existing university resources, for a total of \$31,300,000 for these programs. The University of California shall provide a plan to the Department of Finance and the fiscal committees of each house of the Legislature for expenditure of both state and university funds for SAPEP by September 1, 2007. It is the intent of the Legislature that the university report on the use of state and university funds provided for these programs, including detailed information on the outcomes

and effectiveness of academic preparation programs consistent with the accountability framework developed by the university in April 2005. The report shall be submitted to the fiscal committees of each house of the Legislature not later than April 1, 2008.

25. Of the funds appropriated in Schedule (1), \$6,000,000 is to support research on labor and employment and labor education throughout the University of California system. Of these funds, 60 percent shall be for labor research, and 40 percent shall be for labor education.

26. Of the amount appropriated in Schedule (1), \$1,500,000 is to support statewide agriculture research.

27. Of the amount appropriated in Schedule (1), \$1,500,000 is to support research at the Scripps Research Institute.

6440-001-0007—For support of University of California, payable from the Breast Cancer Research Account....	12,776,000
Provisions:	
1. Notwithstanding subdivision (a) of Section 1.80 of this act, the funds appropriated in this item shall be available for expenditure until June 30, 2010.	
6440-001-0046—For support of University of California, Institute of Transportation Studies, payable from the Public Transportation Account, State Transportation Fund.....	980,000
6440-001-0234—For support of the University of California, payable from the Research Account, Cigarette and Tobacco Products Surtax Fund....	16,553,000
Provisions:	
1. The funds appropriated in this item are to be allocated for research regarding tobacco use, with an emphasis on youth and young adults, including, but not limited to, the effects of active and passive smoking, the primary prevention of tobacco use, nicotine addiction and its treatment, the effects of secondhand smoke, and public health issues surrounding tobacco use.	
2. Notwithstanding subdivision (a) of Section 1.80, the funds appropriated in this item are available for expenditure until June 30, 2010.	
3. Of the funds appropriated in this item, \$2,000,000 is provided on a one-time basis, re-	

flecting unappropriated balances available for this purpose.

6440-001-0308—For support of the University of California, payable from the Earthquake Risk Reduction Fund of 1996..... 1,500,000
Provisions:

- 1. The funds appropriated in this item shall be expended for the Center for Earthquake Engineering Research, contingent upon the center continuing to receive federal matching funds from the National Science Foundation.

6440-001-0321—For support of University of California, payable from the Oil Spill Response Trust Fund..... 1,300,000
Provisions:

- 1. The funds appropriated in this item shall be available to support the Oiled Wildlife Care Network.

6440-001-0890—For support of University of California, payable from the Federal Trust Fund..... 3,500,000
Provisions:

- 1. The funds appropriated in this item are for the federal Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) (20 U.S.C. Sec. 1070a–21 et seq.). These funds are provided to the University of California as the fiscal agent for this intersegmental program.

6440-001-0945—For support of the University of California, payable from the California Breast Cancer Research Fund..... 778,000
Provisions:

- 1. Notwithstanding subdivision (a) of Section 1.80 of this act, the funds appropriated in this item shall be available for expenditure until June 30, 2010.

6440-001-3054—For support of University of California..... 3,883,000
Provisions:

- 1. The funds appropriated in this item shall be used to support the analysis of health care-related legislation, in accordance with Chapter 684 of the Statutes of 2006, commencing with Section 127660 of the Health and Safety Code.
- 2. Of the funds appropriated in this item, \$1,886,000 is provided as one-time funds to support the California Health Benefit Review Program.

6440-002-0001—For support of University of California..... (55,000,000)

Provisions:

1. Notwithstanding Section 1.80 of this act, the funds appropriated in this item are not available for expenditure or encumbrance prior to July 1, 2008. Claims for these funds shall be submitted by the University of California on or after July 1, 2008, and before October 1, 2008.
2. No reserve may be established by the Controller for this appropriation before July 1, 2008.

6440-003-0001—For support of the University of California, for payments on lease-purchase bonds..... 174,108,000

Schedule:

- (1) Rental, insurance, and administrative payments..... 178,928,000
- (2) Reimbursements..... -4,820,000

Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise needed to ensure debt requirements are met.
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

6440-004-0001—For support of University of California..... 24,000,000

Provisions:

1. Funds shall be available for planning and startup costs associated with academic programs to be offered in the San Joaquin Valley and planning, startup costs, and ongoing support for the Merced campus, including the following: (a) site studies, infrastructure planning, community planning and development, long-range development plans, environmental studies, and other physical planning activities; (b) academic planning activities, support of academic program offerings prior to the opening of the new campus, and faculty recruitment; (c) the acquisition of instructional materials and equipment; and (d) ongoing operating support for faculty, staff,

and other annual operating expense for the new campus.

- 2. The University of California may enter into lease agreements with an option to purchase facilities in the Central Valley associated with the Merced campus. The lease agreement with an option to purchase shall be submitted to the Department of Finance for review and concurrence prior to execution of the lease to ensure that the proposed lease is consistent with legislative intent. The submission of the lease shall also include an economic analysis detailing the cost benefit of the project.
- 3. \$14,000,000 of the funds in this item are one-time and shall decrease in subsequent years as enrollment increases in accordance with the plan submitted by the University of California.

6440-005-0001—For support of University of California..... 4,750,000

Provisions:

- 1. Funds in this item are provided pursuant to subdivision (c) of Section 92901 of the Education Code to support the California Institutes for Science and Innovation.

6440-011-0042—For transfer by the Controller from the State Highway Account, State Transportation Fund to the Earthquake Risk Reduction Fund of 1996..... (1,000,000)

6440-301-0660—For capital outlay, University of California, payable from the Public Buildings Construction Fund..... 70,000,000

Schedule:

Berkeley Campus:

- (2) 99.01.260-Helios Energy Research Facility—Preliminary plans, working drawings, construction, and equipment..... 70,000,000

Provisions:

- 1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance all phases of the project.
- 2. Notwithstanding Section 1.80 or any other provision of law, the appropriation made in this item is available for encumbrance until June 30, 2010.

- 3. The University of California and the State Public Works Board are authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
- 4. The State Public Works Board shall not be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This provision does not exempt the University of California from the requirements of the California Environmental Quality Act. This provision is intended to be declarative of existing law.
- 6. The State Public Works Board may authorize the issuance of bonds and the attainment of financing not sooner than 45 days after the executed agreement between the University of California and British Petroleum related to the Energy Biosciences Institute is submitted to the Department of Finance and the Joint Legislative Budget Committee or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine.

6440-301-6048—For capital outlay, University of California, payable from the 2006 University Capital Outlay Bond Fund..... 215,781,000

Schedule:

Berkeley Campus:

- (1) 99.01.245-Campbell Hall Seismic Replacement Building—Preliminary plans and working drawings.... 6,400,000

Davis Campus:

- (2) 99.03.350-Veterinary Medicine 3B—Working drawings..... 4,751,000
- (3) 99.03.360-Electrical Improvements Phase 4—Preliminary plans, working drawings, and construction..... 4,335,000

Irvine Campus:

(4) 99.09.350-Engineering Unit 3— Equipment.....	3,292,000
Merced Campus:	
(5) 99.11.045-Social Sciences and Management Building—Construc- tion.....	42,955,000
Riverside Campus:	
(6) 99.05.175-College of Humanities and Social Sciences Instruction and Research Facility—Equipment.....	940,000
(7) 99.05.180-Psychology Build- ing—Equipment.....	1,612,000
(8) 99.05.220-Boyce Hall and Webber Hall Renovations—Working draw- ings and construction.....	31,776,000
(9) 99.05.230-Bachelor Hall Building Systems Renewal—Preliminary plans.....	402,000
San Diego Campus:	
(10) 99.06.370-Music Building—Equip- ment.....	2,204,000
(11) 99.06.390-Management School Facility Phase 2—Preliminary plans.....	1,000,000
San Francisco Campus:	
(12) 99.02.150-Electrical Distribution Improvements Phase 2—Working drawings.....	892,000
Santa Barbara Campus:	
(13) 99.08.145-Davidson Library Addi- tion and Renewal—Working drawings.....	1,055,000
(14) 99.08.155-Infrastructure Renewal Phase 1—Working drawings.....	252,000
(15) 99.08.160-Engineering II Life Safety Improvements and Addi- tion—Working drawings and con- struction.....	5,000,000
Santa Cruz Campus:	
(16) 99.07.165-McHenry Project—Con- struction and equipment.....	38,184,000
(17) 99.07.175-Digital Arts Facilit- ty—Equipment.....	1,044,000
(18) 99.07.185-Infrastructure Improve- ments Phase 2—Working draw- ings.....	317,000

(19) 99.07.190-Biomedical Sciences
Facility—Construction..... 69,370,000

Provisions:

1. If savings are identified in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, those savings may be used for the following purposes: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, or (e) to fund minor capital outlay projects.

No later than March 1 of each year, the University of California shall provide the Legislative Analyst with a progress report showing the identified savings by project, and the purpose for which the identified savings were used.

No later than November 1 of each year, the University of California shall prepare a report showing (a) the identified savings by project and (b) the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house of the Legislature.

2. The funds provided in this item shall be available for expenditure only if the University of California requires the payment of prevailing wage rates by the contractors and subcontractors on all projects in this item and on all other capital outlay projects undertaken by the University of California that are funded using nonstate funds or are otherwise not financed with the funds appropriated in this item. This requirement shall represent a moratorium on granting further ex-

ceptions to paying prevailing wage rates until June 30, 2008.

6440-302-6048—For capital outlay, University of California, payable from the 2006 University Capital Outlay Bond Fund..... 94,084,000
Schedule:

Berkeley Campus:

(1) 99.01.265-Durant Hall Renovation—Preliminary plans, working drawings, and construction..... 9,970,000

Irvine Campus:

(2) 99.09.365-Humanities Building—Construction..... 23,977,000

(3) 99.09.370-Arts Building—Preliminary plans, working drawings, and construction..... 39,855,000

(4) 99.09.375-Steinhaus Hall Seismic Improvements—Preliminary plans, working drawings, and construction..... 9,681,000

Riverside Campus:

(5) 99.05.225-East Campus Infrastructure Improvements Phase 2—Preliminary plans, working drawings, and construction..... 8,893,000

Agriculture and Natural Resources:

(6) 99.10.065-Hopland Research and Extension Center Field Laboratory and Multipurpose Facility—Preliminary plans, working drawings, and construction..... 1,708,000

Provisions:

1. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the University of California may proceed with any phase of any project identified in the above schedule, including preparation of preliminary plans, working drawings, construction, or equipment purchase, without the need for any further approvals.
2. The University of California shall complete each project identified in the above schedule within the total funding amount specified in the schedule for that project. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the budget for any project to be funded from this item may be augmented by

- the University of California within the total appropriation made in this item, in an amount not to exceed 10 percent of the amount appropriated for that project. No funds appropriated in this item for equipment may be used for an augmentation under this provision, or be augmented from any other funds appropriated in this item. This condition does not limit the authority of the University of California to use nonstate funds.
3. The University of California shall complete each project identified in the above schedule without any change to its scope. The scope of a project, in this respect, means the intended purpose of the project as determined by reference to the following elements of the budget request for that project submitted by the University of California to the Department of Finance: (a) the program elements related to project type, and (b) the functional description of spaces required to deliver the academic and supporting programs as approved by the Legislature.
 4. Notwithstanding any other provision of law, the appropriation made in this item is available for encumbrance until June 30, 2009, except that the funds appropriated for construction only must be bid by June 30, 2008, and are available for expenditure until June 30, 2009, and that the funds appropriated for equipment purposes are available for encumbrance until June 30, 2010. For the purposes of encumbrance, funds appropriated for construction management and project contingencies purposes, as well as any bid savings, shall be deemed to be encumbered at the time a contract for that purpose is awarded; these funds also may be used to initiate consulting contracts necessary for management of the project during the liquidation period. Any savings identified at the completion of the project also may be used during the liquidation period to fund the purposes described in Provision 5.
 5. Identified savings in a budget for a capital outlay project, as appropriated in this item, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used without further approval: (a) to augment projects consistent with Provision 2, (b) to proceed further with the underground tank

corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with the design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, or (e) to fund minor capital outlay projects.

- 6. No later than December 1 of each year, the University of California shall submit a report outlining the expenditures for each project of the funds appropriated in this item to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the fiscal committees of each house of the Legislature, the Legislative Analyst, and the Director of Finance. The report also shall include the following elements: (a) a statement of the identified savings by project, and the purpose for which the identified savings were used; (b) a certification that each project, as proceeding or as completed, has remained within its scope and the amount funded for that project under this item; and (c) an evaluation of the outcome of the project measured against performance criteria.
- 7. The projects identified in Schedules (2), (3), and (4) may utilize design-build construction consistent with practices, policies, and procedures of the University of California.

6440-304-6048—For capital outlay, University of California, payable from the 2006 University Capital Outlay Bond Fund..... 60,600,000

Schedule:

Davis:

(1.5) 99.03.365-Telemedicine Resource Center and Rural PRIME Facility—Preliminary plans, working drawings, construction, and equipment..... 35,000,000

Los Angeles:

(2) 99.04.270-Telemedicine and PRIME Facilities Phase I—Equipment..... 19,700,000

San Francisco:

- (3) 99.02.155-Telemedicine and PRIME Urban Underserved Education Facilities—Preliminary plans, working drawings, and equipment..... 5,900,000

Provisions:

5. If savings are identified in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, those savings may be used for the following purposes: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank correction program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), or (e) to fund minor capital outlay projects.

Not later than March 1 of each year, the University of California shall provide the Legislative Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.

Not later than November 1 of each year, the University of California shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house of the Legislature.

6. The funds provided in this item shall be available for expenditure only if the University of California requires the payment of prevailing wage rates by the contractors and subcontractors on all projects in this item and on all other capital outlay projects undertaken by the University of California that are funded using nonstate funds

or are otherwise not financed with the funds appropriated in this item. This requirement shall represent a moratorium on granting further exceptions to paying prevailing wage rates until June 30, 2008.

6440-305-6048—For capital outlay, University of California, payable from the 2006 University Capital Outlay Bond Fund..... 80,000,000

Schedule:

Irvine Campus:

(1) 99.09.380-Telemedicine/PRIME Latino Community Facilities—Preliminary plans, working drawings, construction, and equipment..... 35,000,000

San Diego Campus:

(2) 99.06.395-Telemedicine/PRIME Health Equity Education Facility—Preliminary plans, working drawings, construction, and equipment..... 35,000,000

Charles R. Drew University of Medicine and Science:

(3) 99.12.005-Life Sciences Research and Nursing Education Building—Preliminary plans, working drawings, and construction..... 10,000,000

Provisions:

1. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the University of California may proceed with any phase of any project identified in the above schedule, including preparation of preliminary plans, working drawings, construction, or equipment purchases, without the need for any further approvals.
2. The University of California shall complete each project identified in the above schedule within the total funding amount specified in the schedule for that project. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the budget for any project to be funded from this item may be augmented by the University of California within the total appropriation made by this item, in an amount not to exceed 10 percent of the amount appropriated for that project. No funds appropriated in this item for equipment may be used for an augmentation under this provision, or be augmented

from any other funds appropriated in this item. This condition does not limit the authority of the University of California to use nonstate funds.

3. The University of California shall complete each project identified in the above schedule without any change to its scope. The scope of a project, in this respect, means the intended purpose of the project as determined by reference to the following elements of the budget request for that project submitted by the University of California to the Department of Finance: (a) the program elements related to project type and (b) the functional description of spaces required to deliver the academic and supporting programs as approved by the Legislature.
4. Notwithstanding any other provision of law, the appropriation made in this item is available for encumbrance until June 30, 2009, except that the funds appropriated for construction only must be bid by June 30, 2008, and are available for expenditure until June 30, 2009, and that the funds appropriated for equipment purposes are available for encumbrance until June 30, 2010. For the purposes of encumbrance, funds appropriated for construction management and project contingencies purposes, as well as any bid savings, shall be deemed to be encumbered at the time a contract for that purpose is awarded; these funds also may be used to initiate consulting contracts necessary for management of the project during the liquidation period. Any savings identified at the completion of the project also may be used during the liquidation period to fund the purposes described in Provision 5.
5. Identified savings in a budget for a capital outlay project, as appropriated in this item, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used without further approval: (a) to augment projects consistent with Provision 2, (b) to proceed further with the underground tank correction program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with the design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990

(42 U.S.C. Sec. 12101 et seq.), or (e) to fund minor capital outlay projects.

6. Not later than December 1 of each year, the University of California shall submit a report outlining for each project the expenditures of the funds appropriated in this item to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the fiscal committees of each house of the Legislature, the Legislative Analyst, and the Director of Finance. The report also shall include the following elements: (a) a statement of the identified savings by project and the purposes for which the identified savings were used, (b) a certification that each project, as proceeding or as completed, has remained within its scope and the amount funded for that project under this item, and (c) an evaluation of the outcome of the project measured against performance criteria.
7. The project identified in Schedule (1) may utilize design-build construction consistent with practices, policies, and procedures of the University of California.
8. An amount not to exceed \$10,000,000 as appropriated in Schedule (3) is for preliminary plans, working drawings, and construction to support the joint nursing education program component of a Life Sciences Research and Nursing Education facility at the Charles R. Drew University of Medicine and Science. Encumbrance of these funds requires the committal of matching funds of at least \$10,000,000 from nonstate sources. The Director of Finance shall confirm the commitment of matching funds prior to the release of state funds.

These funds shall be encumbered not sooner than 45 days after the submittal to the Joint Legislative Budget Committee and the Department of Finance of formal agreements between the Regents of the University of California and the Charles R. Drew University of Medicine and Science pertaining to (a) the ownership and occupancy of the facility, and (b) the operation of a joint program in nursing. No funds may be encumbered for this project until the State Public Works Board has determined that these requirements have been met.

It is the intent of the Legislature to fund the state's share of support costs of the joint nursing education program in a way that is consistent with this public-private partnership.

6440-401—Identified savings in funds encumbered from the Higher Education Capital Outlay Bond Funds of 1986, 1988, 1990, 1992, 1996, 1998, 2002, and 2004, and from the 2006 University Capital Outlay Bond Fund for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act, and (e) for identified savings in funds encumbered from the Higher Education Capital Outlay Bond Funds of 1996, 1998, 2002, and 2004 to fund minor capital outlay projects.

No later than December 1 of each year, the University of California shall prepare a report showing (a) the identified savings by project and (b) the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairs of the fiscal committees in each house.

6440-490—Reappropriation, University of California. Notwithstanding any other provision of law, the balances as of June 30, 2007, of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriations and shall be available for encumbrance or expenditure until June 30, 2008:

0001—General Fund

(1) Item 6440-001-0001 of Section 2.00 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).

Provisions:

1. Of the funds reappropriated in this item from Item 6440-001-0001 of Section 2.00 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), \$15,000,000 shall be available for deferred maintenance, special repair projects, and the replacement of instructional equipment. As of June 30, 2007, the balance of the funds from that item in excess of \$15,000,000 shall revert to the General Fund.
2. The University of California shall report to the Department of Finance and the Joint Legislative Budget Committee the amount of the balance, on June 30, 2007, of Item 6440-001-0001 of Section 2.00 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), by September 30, 2007, and the expenditures made pursuant to this item by September 30, 2008.

6440-491—Reappropriation, University of California. Notwithstanding any other provision of law, the balances of the appropriations provided for in the following citations are reappropriated for the purposes and subject to the limitations in those appropriations, unless otherwise specified:

0660—Public Buildings Construction Fund

- (1) Item 6440-301-0660, Budget Act of 2001 (Ch. 106, Stats. 2001), as reappropriated by Item 6440-491, Budget Act of 2002 (Ch. 379, Stats. 2002)

Merced Campus:

- (3) 99.11.020-Science and Engineering Building—Equipment

- (2) Item 6440-301-0660, Budget Act of 2004 (Ch. 208, Stats. 2004)

Riverside Campus:

- (1) 99.05.195-Genomics Building—Equipment

6048—2006 University Capital Outlay Bond Fund

- (1) Item 6440-301-6048, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

Santa Barbara Campus:

- (11) 99.08.135-Arts Building Seismic Correction and Renewal—Working drawings

- (13) 99.08.150-Phelps Hall Renovation—Working drawings

6440-492—Reappropriation, University of California. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations is extended to June 30, 2008:

0660—Public Buildings Construction Fund

(1) Item 6440-301-0660, Budget Act of 2001 (Ch. 106, Stats. 2001), as reappropriated by Item 6440-491, Budget Act of 2002 (Ch. 379, Stats. 2002)

Merced Campus:

(3) 99.11.020-Science and Engineering Building—Construction

(4) 99.11.025-Library/Information Technology Centers—Construction and equipment

6440-495—Reversion, University of California. As of June 30, 2007, the unencumbered balance of the appropriation provided for in the following citation shall revert to the fund from which the appropriation was made:

6041—2004 Higher Education Capital Outlay Bond Fund

(1) Item 6440-301-6041, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

Riverside Campus:

(5) 99.05.200-Environmental Health and Safety Expansion—Working drawings

6600-001-0001—For support of Hastings College of the Law.....

10,631,000

Provisions:

1. The appropriation made in this item is exempt from Section 31.00 of this act.
2. Of the funds appropriated in this item, at least \$774,000 is for support of Program 40, Student Services, to provide financial aid to needy students attending the Hastings College of the Law, according to the nationally accepted needs analysis methodology.

6610-001-0001—For support of California State University.....

2,920,880,000

Schedule:

(1) Support..... 2,920,880,000

Provisions:

1. The appropriations made in this item are exempt from Section 31.00, except as otherwise provided by the applicable sections of the Government Code referred to in Section 31.00.

2. Of the amount appropriated in this item, \$350,000 is for transfer to the Affordable Student Housing Revolving Fund for the purpose of subsidizing interest costs in connection with bond financing for construction of affordable student housing at the Fullerton and Hayward campuses in accordance with Article 3 (commencing with Section 90085) of Chapter 8 of Part 55 of the Education Code.
3. Of the amount appropriated in this item, \$1,878,000 is for repayment of the \$17,000,000 financed for the California State University through a third party for deferred maintenance projects in the 1994–95 fiscal year. It is the intent of the Legislature to annually provide funds for that repayment purpose until June 30, 2010.
4. Of the amount appropriated in this item, \$2,309,000 is for repayment of the \$24,000,000 financed for the California State University through a third party for deferred maintenance projects in the 1995–96 fiscal year. It is the intent of the Legislature to annually provide funds for that repayment purpose until June 30, 2011.
5. Of the amount appropriated in this item, \$33,785,000 is provided for student financial aid grants. These financial aid funds shall be provided to needy students according to the nationally accepted needs analysis methodology.
6. Of the funds provided in Schedule (1), \$2,713,000 is appropriated to enhance the capacity of science and math teacher credential programs to implement the Science and Math Teacher Initiative. The California State University (CSU) shall report to the Legislature and the Governor by February 1, 2008, on its progress toward increasing the quality and supply of science and math teachers. This report shall include the following information: (a) annual number of math and science teachers awarded credentials (by each CSU campus) beginning with the 2004–05 academic year (before the state first provided funding for the initiative), (b) an expenditure plan on the use of the funds appropriated in this provision, (c) the effectiveness of the initiative’s different components and activities, including an identification of best practices, and (d) the job placement of students

who earn a math or science teacher credential, including the location of the K–12 school of employment and whether it is in an urban, rural, or suburban setting.

7. Of the amount appropriated in Schedule (1), \$64,417,000 is to fund 8,355 additional state-supported full-time equivalent students (FTES) at the California State University (CSU), based on a marginal General Fund cost of \$7,710 per additional student. This funding rate is based on a methodology for determining the marginal cost of each additional state-supported student, as adopted by the Legislature for the 2006–07 fiscal year. This methodology calculates a total marginal cost (including operation and maintenance costs and faculty costs based on the salaries of recently hired professors) and then subtracts from this cost the fee revenue the university anticipates from each additional student (after adjusting for financial aid), in order to determine the amount of General Fund support needed from the state. It is the intent of the Legislature that enrollment growth funding provided to the university in subsequent fiscal years be based on this specific methodology. The Legislature expects CSU to enroll a total of 342,553 state-supported FTES during the 2007–08 academic year. This enrollment target does not include nonresident students and students enrolled in non-state-supported summer programs. The CSU shall provide a preliminary report to the Legislature by March 15, 2008, and a final report by May 1, 2008, on whether it has met the 2007–08 enrollment goal. For purposes of this provision, enrollment totals shall only include state-supported students. If CSU does not meet its total state-supported enrollment goal by at least 418 FTES, the Director of Finance shall revert to the General Fund by May 15, 2008, the total amount of enrollment funding associated with the total share of the enrollment goal that was not met.
8. (a) The amount in Schedule (1) includes funding to increase enrollments in nursing programs beyond the levels served in 2005–06 as follows:

- (1) \$560,000 is provided to continue support for 280 FTES in entry-level master's degree nursing programs pursuant to Article 8 (commencing with Section 89270) of Chapter 2 of Part 55 of the Education Code.
 - (2) \$1,720,000 is provided to continue support for full cost of a minimum of 163 FTES in entry-level master's degree nursing programs.
 - (3) \$371,000 is provided to continue support for 35 FTES in baccalaureate degree nursing programs.
 - (b) Of the amount provided in Schedule (1), \$3,600,000 is provided to support 340 FTES in baccalaureate degree nursing programs during the 2007–08 academic year. FTES supported with this funding shall not count toward the enrollment reported pursuant to Provision 7. On or before May 1, 2008, CSU shall report to the Department of Finance and the Legislature the number of additional FTES enrolled in these programs above the levels for the 2006–07 academic year. In the event that CSU enrolls fewer than the 340 additional students for which funding is provided, the funding associated with the enrollment shortfall shall revert to the General Fund. The Director of Finance shall make any such reversion on or before May 15, 2008.
 - (c) The university shall report to the Legislature and the Governor by May 1, 2008, on its progress toward meeting the enrollment goals specified in subdivision (a).
10. Of the amount appropriated in Schedule (1), \$52,000,000 is appropriated for student academic preparation and student support services programs. The university shall provide \$45,000,000 to support the Early Academic Assessment Program and the Educational Opportunity Program. It is the intent of the Legislature that the university report on the outcomes and effectiveness of the Early Academic Assessment Program to the fiscal committees of each house of the Legislature no later than March 15, 2008.

6610-001-0890—For support of California State University, payable from the Federal Trust Fund.....	39,500,000
Provisions:	
1. All funds deposited in the Federal Trust Fund for the California State University for the purposes of this item and that are in excess of the amount appropriated in this item are hereby appropriated in augmentation of this item and are exempt from Section 28.00 of this act, pursuant to subdivision (a) of Section 89753 of the Education Code.	
6610-002-0001—For support of the California State University for transfer to and in augmentation of Item 6610-001-0001, for the purpose of providing direct costs and administrative overhead expenses for the Assembly, Senate, Executive, and Judicial Fellows programs and the Center for California Studies.....	3,111,000
Schedule:	
(1) Center for California Studies—Fellows Program.....	602,000
(2) Center for California Studies—Other.....	37,000
(3) Assembly Fellows.....	565,287
(4) Senate Fellows.....	565,287
(5) Executive Fellows.....	565,287
(6) Judicial Fellows.....	402,139
(7) LegiSchool Project.....	114,000
(8) Sacramento Semester Internship Program.....	56,000
(9) Unscheduled.....	204,000
6610-002-6048—For support of California State University, payable from the 2006 University Capital Outlay Bond Fund.....	50,000,000
6610-003-0001—For support of the California State University for payments on lease-purchase bonds....	61,883,000
Schedule:	
(1) Rental, insurance, and administrative payments.....	63,745,000
(2) Reimbursements.....	-1,862,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise needed to ensure debt requirements are met.	

- 2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

6610-301-0574—For capital outlay, California State University, payable from the Higher Education Capital Outlay Bond Fund of 1998..... 20,000,000
Schedule:

- (1) 06.48.315-Systemwide: Minor Capital Outlay—Preliminary plans, working drawings and construction..... 20,000,000

Provisions:

- 1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used prior to the appropriation reversion date: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990.

No later than March 1 of each year, the California State University shall provide the Legislative Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.

No later than November 1 of each year, the California State University shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house.

6610-301-6028—For capital outlay, California State University, payable from the 2002 Higher Education Capital Outlay Bond Fund..... 20,536,000

Schedule:

- (1) 06.48.315-Systemwide Minor Capital Outlay—Preliminary plans, working drawings, and construction..... 7,000,000
- (2) 06.74.006-Monterey Bay: Library—Equipment..... 4,228,000
- (3) 06.84.094-San Francisco: Telecommunications Infrastructure—Construction..... 9,308,000

Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used prior to the appropriation reversion date: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank correction program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.).

Not later than March 1 of each year, the California State University shall provide the Legislative Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.

Not later than November 1 of each year, the California State University shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house of the Legislature.

6610-301-6048—For capital outlay, California State University, payable from the 2006 University Capital Outlay Bond Fund..... 237,136,000

Schedule:

- (1) 06.50.066-Bakersfield: Art Center and Satellite Plant—Preliminary plans..... 387,000
- (2) 06.54.081-Dominguez Hills: Educational Resource Center Addition—Construction..... 58,359,000
- (3) 06.68.123-San Marcos: Social and Behavioral Sciences Building—Working drawings and construction..... 53,688,000
- (4) 06.73.096-Los Angeles: Corporation Yard and Public Safety—Construction..... 15,133,000
- (5) 06.80.156-San Diego: Storm/Nasatir Halls Renovation—Preliminary plans and working drawings..... 2,552,000
- (6) 06.83.002-Channel Islands: Infrastructure Improvements, Phase 1A and 1B—Construction..... 47,134,000
- (7) 06.83.003-Channel Islands: Classroom and Faculty Office Renovation/Addition—Preliminary plans and working drawings..... 1,989,000
- (8) 06.83.005-Channel Islands: Entrance Road—Preliminary plans and working drawings..... 1,390,000
- (9) 06.83.006-Channel Islands: John Spoor Broome Library—Equipment..... 3,074,000
- (10) 06.84.105-San Francisco: School of the Arts—Acquisition..... 12,382,000
- (11) 06.92.067-Stanislaus: Science I Renovation (Seismic)—Preliminary plans and working drawings..... 1,049,000
- (12) 06.96.116-San Luis Obispo: Center for Science—Working drawings.... 2,707,000
- (13) 06.98.107-Pomona: Library Addition and Renovation, Phase I—Equipment..... 5,863,000
- (14) 06.98.109-Pomona: College of Business Administration—Working drawings and construction..... 31,429,000

Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used prior to the appropriation reversion date: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990.

No later than March 1 of each year, the California State University shall provide the Legislative Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.

No later than November 1 of each year, the California State University shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house.

2. Of the funds appropriated in Schedule (8) of this item, \$1,390,000 shall be available to the California State University Channel Islands (CSUCI) for preliminary plans and working drawings of a new campus entry road, only after the property of land in Ventura County, known as the Lemon Orchard parcel, has been sold or exchanged, pursuant to Section 1 of Chapter 318, Statutes of 2005, for a parcel of land bounded by Lewis Road on the northwest, CSUCI, and the Camrosa Water District on the south, and farmlands on the northeast and east. The appropriation made in this item for Schedule (8) for preliminary

plans and working drawings shall be available for expenditure until June 30, 2009.

6610-302-6048—For capital outlay, California State University, payable from the 2006 University Capital Outlay Bond Fund..... 88,911,000
Schedule:

- (1) 06.48.300-Systemwide: Nursing Facility Improvements—Preliminary plans, working drawings, construction, and equipment..... 14,326,000
- (2) 06.50.064-Bakersfield: Math and Computer Science Building—Equipment..... 1,513,000
- (3) 06.50.065-Bakersfield: Nursing Renovation—Equipment..... 221,000
- (4) 06.56.093-Fresno: Library Addition and Renovation—Equipment..... 6,884,000
- (5) 06.62.095-Fullerton: College of Business and Economics—Equipment..... 6,593,000
- (6) 06.67.098-Humboldt: Forbes PE Complex Renovation—Equipment..... 1,366,000
- (7) 06.71.111-Long Beach: Library Addition and Renovation—Equipment..... 481,000
- (8) 06.73.097-Los Angeles: Science Replacement Building, Wing B—Working drawings and construction..... 50,500,000
- (9) 06.78.095-San Bernardino: Palm Desert Off-Campus Center, Phase III—Equipment..... 999,000
- (10) 06.90.086-Sonoma: Music/Faculty Office Building—Equipment..... 1,553,000
- (11) 06.98.108-Pomona: Science Renovation (Seismic)—Equipment..... 4,475,000

Provisions:

- 1. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the California State University may proceed with any phase of any project identified in the above schedule, including preparation of preliminary plans, working drawings, construction, or equipment purchase, without the need for any further approvals.

2. The California State University shall complete each project identified in the above schedule within the total funding amount specified in the schedule for that project. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the budget for any project to be funded from this item may be augmented by the California State University within the total appropriation made in this item, in an amount not to exceed 10 percent of the amount appropriated for that project. No funds appropriated in this item for equipment may be used for an augmentation under this provision, or be augmented from any other funds appropriated in this item. This condition does not limit the authority of the California State University to use nonstate funds for these purposes.
3. The California State University shall complete each project identified in the above schedule without any change to its scope. The scope of a project means, in this respect, the intended purpose of the project as determined by reference to the following elements of the budget request for that project submitted by the California State University to the Department of Finance: (a) the program elements related to project type and (b) the functional description of spaces required to deliver the academic and supporting programs as approved by the Legislature.
4. Identified savings in a budget for a capital outlay project, as appropriated in this item, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used (a) to begin working drawings for a project for which preliminary plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), (e) to fund minor capital outlay projects,

or (f) to fund feasibility studies for capital outlay.

5. No later than March 1 of each year, the California State University shall submit a report detailing the expenditure for each project of the funds appropriated in this item to the Chairperson of the Joint Legislative Budget Committee, the chairperson of the fiscal committees of each house of the Legislature, the Legislative Analyst, and the Director of Finance. The report shall include the following elements: (a) a statement of the identified savings by project, and the purpose for which the identified savings were used, (b) a certification that each project, as proceeding or as completed, has remained within its scope and the amount funded for that project under this item, and (c) an evaluation of the outcome of the project measured against performance criteria.
6. Notwithstanding any other provision of law, the appropriation made in this item is available for encumbrance during the 2007–08 and 2008–09 fiscal years, except that the funds appropriated for construction only must be bid by June 30, 2008, and are available for expenditure until June 30, 2010, and funds appropriated for equipment purposes are available for encumbrance until June 30, 2009. For the purposes of encumbrance, funds appropriated for construction management and project contingencies purposes, as well as any bid savings, shall be deemed to be encumbered at the time a contract for that purpose is awarded; these funds also may be used to initiate consulting contracts necessary for management of the project during the liquidation period. Any savings identified at the completion of the project also may be used during the liquidation period to fund the purposes described in Provision 4.

6610-401—Identified savings in funds encumbered from the Higher Education Capital Outlay Bond Funds of 1986, 1988, 1990, 1992, 1996, 1998, 2002, and 2004, and from the 2006 University Capital Outlay Bond Fund for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which

preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990.

No later than November 1 of each year, the California State University shall prepare a report showing (a) the identified savings by project and (b) the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees of each house of the Legislature.

6610-402—In recognition of the transition of the deposit of fee revenue from the State General Fund to the CSU local trust funds, the CSU, with DOF approval, shall annually calculate a base funding adjustment that represents the amount necessary to maintain fiscal neutrality for the State General Fund.

6610-490—Reappropriation, California State University. The balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in that appropriation and shall be available for encumbrance or expenditure until June 30, 2008:

0001—General Fund

(1) Item 6610-001-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

Provisions:

1. Of the funds reappropriated in this item from Item 6610-001-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), up to \$15,000,000 shall be available for the general support of the California State University. This \$15,000,000 limitation applies only to reappropriations generated from systemwide allocations. As of June 30, 2007, the balance generated from systemwide allocations in excess of \$15,000,000 shall revert to the General Fund.
2. The California State University shall, by September 30, 2007, report to the Department

of Finance and the Joint Legislative Budget Committee the amount of the balance as of June 30, 2007, of Item 6610-001-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), and a proposed expenditure plan for that balance. The California State University shall report by September 30, 2008, on the expenditures made pursuant to this item.

6610-491—Reappropriation, California State University.

Notwithstanding any other provision of law, the balances of the appropriations provided for in the following citations are reappropriated for the purposes and subject to the limitations in those appropriations, unless otherwise specified:

6041—2004 Higher Education Capital Outlay Bond Fund

(1) Item 6610-301-6041, Budget Act of 2004 (Ch. 208, Stats. 2004)

(1.5) 06.51.008-California Maritime Academy—Acquisition

(2) Item 6610-302-6041, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)

(4) 06.67.098-Humboldt: Forbes PE Complex Renovation—Working drawings and construction

(5) 06.67.100-Humboldt: Mai Kai Land Acquisition—Acquisition

6610-492—Reappropriation, California State University.

The balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in that appropriation and shall be available for encumbrance or expenditure until December 31, 2007:

6048—2006 University Capital Outlay Bond Fund

(1) Item 6610-002-6048, Budget Act of 2006 (Ch. 47, Stats. 2006)

6610-493—Reappropriation, California State University.

Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations is extended to June 30, 2008:

6028—2002 Higher Education Capital Outlay Bond Fund

(1) Item 6610-301-6028, Budget Act of 2002 (Ch. 379, Stats. 2002)

(2) 06.50.059-Bakersfield: Telecommunications Infrastructure—Construction

- (2) Item 6610-302-6028, Budget Act of 2003 (Ch. 157, Stats. 2003)
- (3) 06.76.101-Sacramento: Infrastructure Upgrade, Phase I—Preliminary plans, working drawings, and construction
- (4) 06.78.092-San Bernardino: Science Buildings Renovation/Addition, Phase II—Preliminary plans, working drawings, and construction

6610-496—Reversion, California State University. As of June 30, 2007, the unencumbered balances of the appropriations provided for in the following citations shall revert to the funds from which the appropriations were made:

6028—2002 Higher Education Capital Outlay Bond Fund

- (1) Item 6610-301-6028, Budget Act of 2002 (Ch. 379, Stats. 2002)
- (9) 06.84.094-San Francisco: Telecommunications Infrastructure—Construction

6048—2006 University Capital Outlay Bond Fund

- (1) Item 6610-301-6048, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
- (6) 06.84.105-San Francisco: School of the Arts—Acquisition

6870-001-0001—For support of Board of Governors of the California Community Colleges..... 9,935,000

Schedule:

- (1) 10-Apportionments..... 888,000
- (2) 20-Special Services and Operations..... 17,193,000
- (3) 30.01-Administration..... 4,305,000
- (4) 30.02-Administration—Distributed..... -4,305,000
- (5) Reimbursements..... -7,883,000
- (6) Amount payable from the Federal Trust Fund (Item 6870-001-0890).... -12,000
- (7) Amount payable from the Federal Trust Fund (Item 6870-002-0890).... -251,000

Provisions:

- 1. Funds appropriated in this item may be expended or encumbered to make one or more payments under a personal services contract of a visiting educator pursuant to Section 19050.8 of the Government Code, a long-term special consultant services contract, or an employment contract between an entity that is not a state agency and

a person who is under the direct or daily supervision of a state agency, only if all of the following conditions are met:

- (a) The person providing service under the contract provides full financial disclosure to the Fair Political Practices Commission in accordance with the rules and regulations of the Commission.
- (b) The service provided under the contract does not result in the displacement of any represented civil service employee.
- (c) The rate of compensation for salary and health benefits for the person providing service under the contract does not exceed by more than 10 percent the current rate of compensation for salary and health benefits determined by the Department of Personnel Administration for civil service personnel in a comparable position. The payment of any other compensation or any reimbursement for travel or per diem expenses shall be in accordance with the State Administrative Manual and the rules and regulations of the Department of Personnel Administration.

- 2. Of the amount appropriated in this item, \$417,000 is appropriated for 4.0 positions to support workload associated with a district-specific accountability program. It is intended that the first report for the district-specific accountability system be provided in March 2007 reflecting outcomes from the 2005–06 fiscal year in context as specified in Section 84754.5 of the Education Code.

6870-001-0890—For support of Board of Governors of the California Community Colleges, for payment to Item 6870-001-0001, payable from the Federal Trust Fund.....

12,000

Provisions:

- 1. Of the funds appropriated in this item, \$12,000 is available for one-time administrative costs necessary for the implementation of the Small Manufacturers Training Program pursuant to a grant from the United States Small Business Administration in Item 6870-101-0890.

Item	Amount
6870-001-0909—For support of Board of Governors of the California Community Colleges, Program 20.30.020-Instructional Improvement and Innovation, payable from the Special Grant Cash Account of the Community College Fund for Instructional Improvement.....	14,000
6870-001-0925—For support of Board of Governors of the California Community Colleges, Program 20.30.050-Economic Development, payable from the California Business Resources and Assistance Innovation Network Fund.....	13,000
6870-001-6028—For support of Board of Governors of the California Community Colleges, Program 20.40.010-Facilities Planning, payable from the 2002 Higher Education Capital Outlay Bond Fund.....	1,833,000
6870-001-6049—For support of Board of Governors of the California Community Colleges, Program 20.40.010-Facilities Planning, payable from the 2006 California Community College Capital Outlay Bond Fund.....	143,000
Provisions:	
1. The funds appropriated in this item are available to support one-time personnel and administrative costs necessary for the development of an Internet Web site to track expenditures and project data for Proposition 1D funded projects, pursuant to Executive Order S-02-07.	
6870-002-0890—For support of Board of Governors of the California Community Colleges, for payment to Item 6870-001-0001, payable from the Federal Trust Fund.....	251,000
Provisions:	
1. The funds appropriated in this item are available to support personnel and operating expenses necessary for the implementation of the community college logistics program pursuant to a grant from the United States Department of Labor in Item 6870-102-0890.	
6870-101-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98).....	3,906,649,000
Schedule:	
(1) 10.10.010-Apportionments.....	3,093,135,000
(2) 10.10.020-Basic Skills and Apprenticeship.....	48,339,000
(3) 10.10.030-Growth for Apportionments.....	107,532,000

(4)	20.10.005-Student Financial Aid Administration.....	51,640,000
(5)	20.10.020-Disabled Students.....	115,011,000
(6)	20.10.045-Special Services for CalWORKs Recipients.....	43,580,000
(7)	20.10.060-Foster Care Education Program.....	5,254,000
(8)	20.10.070-Matriculation.....	101,803,000
(9)	20.20.020-Academic Senate for the Community Colleges.....	467,000
(10)	20.20.041-Equal Employment Opportunity pursuant to Ch. 1169, Stats. 2002.....	1,747,000
(11)	20.20.050-Part-time Faculty Health Insurance.....	1,000,000
(12)	20.20.051-Part-time Faculty Compensation.....	50,828,000
(13)	20.20.055-Part-time Faculty Office Hours.....	7,172,000
(14)	20.30.011-Telecommunications and Technology Services.....	26,197,000
(15)	20.30.050-Economic Development.....	46,790,000
(16)	20.30.070-Transfer Education and Articulation.....	1,424,000
(17)	20.40.026-Physical Plant and Instructional Support.....	27,345,000
(18)	20.10.010-Extended Opportunity Programs and Services and Special Services.....	122,291,000
(19)	20.30.045-Fund for Student Success.....	6,158,000
(20)	20.70.010-Career Technical Education.....	20,000,000
(21)	20.80.010-Campus Childcare Tax Bailout.....	6,836,000
(23)	20.95.010-Nursing Program Support.....	22,100,000

Provisions:

1. The funds appropriated in Schedules (1), (2), (3), (4), (5), (6), (7), (8), (10), (11), (12), (13), \$24,850,000 in Schedule (14), (15), (17), (18), and (21) are for transfer by the Controller during the 2007–08 fiscal year to Section B of the State School Fund.
2. The funds appropriated in Schedule (1) for Apportionments reflect the intent of the Legislature

- to defer \$200,000,000 for apportionments to the 2008–09 fiscal year, pursuant to separate legislation enacted for the 2007–08 fiscal year.
3. Notwithstanding any other provision of law, apportionment funding for community college districts shall be based on the greater of the current year or prior year level of full-time equivalent students (FTES), consistent with K–12 declining enrollment practices pursuant to Section 42238.5 of the Education Code. Decreases in FTES shall result in a revenue reduction at the district’s average level of apportionment funding per FTES and shall be made in the year following the initial year of decrease in FTES.
 4. The funds appropriated in Schedule (1) for Apportionments include \$31,409,000 to encourage district-level accountability efforts pursuant to Section 84754.5 of the Education Code. It is intended that the first report for the district-specific accountability system be provided by March 19, 2007, reflecting outcomes from the 2005–06 fiscal year in context as specified in Section 84754.5 of the Education Code.
 - 4.5. The amount appropriated in Schedule (1) for Apportionments reflects a reduction of \$80,000,000 to account for a like amount of unused current and prior year growth funding.
 - 4.6. Of the funds appropriated in Schedule (1) for Apportionments, \$13,786,000 is available to increase the per-student funding rate for career development and college preparation courses authorized pursuant to Section 84760.5 of the Education Code.
 5. Of the funds appropriated in Schedule (1), Apportionments:
 - (a) Up to \$100,000 is for a maintenance allowance, pursuant to Section 54200 of Title 5 of the California Code of Regulations.
 - (b) Up to \$500,000 is to reimburse colleges for the costs of federal aid repayments related to assessed fees for fee waiver recipients. This reimbursement only applies to students who completely withdraw from college before the census date pursuant to Section 58508 of Title 5 of the California Code of Regulations.

6. Notwithstanding any other provision of law, the Chancellor of the California Community Colleges shall not reduce district workload obligations for a lack of a funded cost-of-living adjustment.
7. (a) Of the amount appropriated in Schedule (2) for the Apprenticeship Program, up to \$15,229,000 shall be available as necessary upon certification by the Chancellor of the California Community Colleges for the purpose of funding community college-related and supplemental instruction pursuant to Section 3074 of the Labor Code, as provided in Section 8152 of the Education Code. No community college district shall use funds available under this provision to offer any new apprenticeship training program or the expansion of any existing program unless the new program or expansion has been approved by the chancellor.
- (b) Notwithstanding Section 8152 of the Education Code, each 60-minute hour of teaching time devoted to each indentured apprentice enrolled in and attending classes of related and supplemental instruction as provided under Section 3074 of the Labor Code shall be reimbursed at the rate of \$5.06 per hour. For purposes of this provision, each hour of teaching time may include up to 10 minutes for passing time and breaks.
- (c) Of the amount appropriated in Schedule (2), Basic Skills and Apprenticeship, \$33,100,000 is available for the following purposes:
 - (1) \$1,600,000 for faculty and staff development to improve curriculum, instruction, student services, and program practices in the areas of basic skills and English as a Second Language (ESL) programs. The Office of the Chancellor shall select a district, utilizing a competitive process, to carry out these faculty and staff development activities. Faculty and staff development provided using these funds shall be administered in a manner that ensures all colleges receiving funds pursuant to paragraph (2) are provided

with opportunities to participate. The chancellor shall provide a status report on the use of these funds by the selected district to the Legislative Analyst and the Department of Finance not later than September 1, 2008.

- (2) \$31,500,000 for allocation by the chancellor to community college districts for improving outcomes of students who enter college needing at least one course in ESL or basic skills. Funds allocated pursuant to this paragraph may be expended for program and curriculum planning and development, student assessment, advisement and counseling services, supplemental instruction and tutoring, articulation, instructional materials and equipment, and any other purpose directly related to the enhancement of basic skills, ESL instruction, and related student programs. The allocated funds shall augment, and not supplant, current expenditures by districts for matriculation and assessment services, basic skills, ESL instruction, and related student programs. To be eligible to receive funds pursuant to this paragraph, a district must submit to the Office of the Chancellor an application certifying that the college will, within the fiscal year, (A) complete an assessment of its programs and activities serving basic skills and ESL students utilizing the assessment tool developed pursuant to paragraph (1) of Item 6870-493 of Section 2.00 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), and (B) submit to the Office of the Chancellor an action and expenditure plan for funds received under this paragraph. The chancellor shall work in consultation with the Department of Finance and the Legislative Analyst to develop annual accountability measures for this program. It is the intent of the Legislature that annual performance accountability measures for this program utilize data

available as part of the accountability system developed pursuant to Section 84754.5 of the Education Code. The chancellor shall distribute funds on the basis of the number of full-time equivalent students enrolled in basic skills and ESL courses in the preceding academic year, and may establish a minimum allocation of up to \$100,000 per college.

8. Funds appropriated in Schedule (3), Growth for Apportionments, shall be available first to any districts bringing online in the current fiscal year newly accredited colleges or California Postsecondary Education Commission approved educational centers. It is the intent of the Legislature that increases in basic foundation allocations to each college be funded prior to additional growth in full-time equivalent students. The Chancellor of the California Community Colleges shall provide a report by November 1 of each year, to the Department of Finance and the Legislative Analyst, on the number of new centers and colleges added for the current fiscal year and those anticipated to be added for the prospective budget year. This report shall also detail the specific funding adjustments provided for basic foundation allocations to each college and center for the current fiscal year.
9. Notwithstanding any other provision of law, funds appropriated in Schedule (3) for Growth for Apportionments shall only be allocated for growth in full-time equivalent students (FTES), on a district-by-district basis, as determined by the Chancellor of the California Community Colleges. The chancellor shall not include any FTES from concurrent enrollment in physical education, dance, recreation, study skills, and personal development courses and other courses in conflict with existing law for the purpose of calculating a district's three-year overcap adjustment. The Board of Governors of the California Community Colleges shall implement the criteria required by Provision 5(a) of Item 6870-101-0001 of the Budget Act of 2003 (Ch. 157, Stats. 2003) for the allocation of funds appropriated in Schedules (1) and (3), so as to ensure that courses related to student needs for transfer, ba-

sic skills, and vocational/workforce training are accorded the highest priority and are provided to the maximum extent possible within budgeted funds.

- 9.5. Notwithstanding any other provision of law, if the apportionments base budget is insufficient to fund all restored enrollment, then the funds appropriated in Schedule (3) for Growth for Apportionments shall first be allocated to those districts restoring workload before allocations are made for new workload.
10. Of the amount appropriated in Schedule (3), \$10,000,000 shall only be available for noncredit instruction to prepare students to pass the California High School Exit Examination (CAHSEE). The first priority shall be to serve high school students from the class of 2007 who met all other graduation requirements except for passage of the CAHSEE. Remaining funds may be used to support other necessary noncredit courses for other students who not only did not pass the CAHSEE, but who did not complete other coursework necessary to meet high school graduation requirements. These funds are intended to supplement but not supplant existing funding for these purposes.
11. (a) Of the funds appropriated in Schedule (4) for Student Financial Aid Administration, not less than \$10,170,000 is available to provide \$0.91 per unit reimbursement to community college districts for the provision of board of governors (BOG) fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.
 - (b) Of the funds appropriated in Schedule (4), not less than \$4,470,000 is available to provide reimbursement of 2 percent of total waiver value to community college districts for the provision of BOG fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.
 - (c) (1) Of the amount appropriated in Schedule (4), \$2,800,000 shall be for a contract with a community college district to conduct a statewide media campaign to promote the general message to

prospective students as follows: (A) the California Community Colleges (CCC) remain affordable, (B) financial aid and tax credits are available to cover enrollment fees and help with books and other costs, and (C) the active encouragement of contact between pupils and local CCC financial aid offices. Any funds used from this source to produce radio, television, or mail campaigns must emphasize the availability of financial aid, the easiest and most reliable method of accessing the aid, a contact telephone number, an Internet Web site address, where applicable, and the physical location of a financial aid office. Any mail campaign must give priority to existing pupils, recent high school graduates, and 12th graders. The outreach and information campaign should target its efforts in high schools, welfare offices, unemployment offices, churches, community centers, and any other location that will most effectively reach low-income and disadvantaged students who must overcome barriers in accessing postsecondary education. The community college district awarded the contract shall consult with the Chancellor of the California Community Colleges and the Student Aid Commission prior to performing any activities to ensure appropriate coordination with any other state efforts in this area and ensure compliance with this provision.

- (2) Of the amount appropriated in Schedule (4), not more than \$34,200,000 shall be for direct contact with potential and current financial aid applicants. Each CCC campus shall receive a minimum allocation of \$50,000. The remainder of the funding shall be allocated to campuses based upon a formula reflecting full-time equivalent students (FTES) weighted by a measure of low-income populations as demonstrated by BOG fee waiver program participation within

a district. It is the intent of the Legislature, to the extent that funds are provided in this item, that all campuses provide additional staff resources to increase both financial aid participation and student access to low-income and disadvantaged students who must overcome barriers in accessing postsecondary education. Funds may be used for screening current students for possible financial aid eligibility and offering personal assistance to these students in accessing financial aid, providing individual help in multiple languages for families and students in filling out the necessary paperwork to apply for financial aid, and increasing financial aid staff to process additional financial aid forms.

- (3) Funds allocated to a community college district for financial aid personnel, outreach determination of financial need, and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 2001–02 fiscal year.
- (4) It is the intent of the Legislature that the Office of the Chancellor of the California Community Colleges provide the Legislature with a report not later than April 1, 2007, on the use of the funds allocated pursuant to paragraphs (1) and (2) of this subdivision (e), including the distribution of the funds, specific uses of the funds, strategies employed to reach low-income and disadvantaged students potentially eligible for financial aid, and the extent to which districts were successful in increasing the number of students accessing financial aid, particularly the maximum Pell Grant award.
- (5) It is the intent of the Legislature that the Chancellor of the California Community Colleges report by September 1, 2007, in the manner and using the factors set

- forth in Provision 11(b)(5) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2004 (Ch. 208, Stats. 2004), on the impact of outreach efforts on student headcount and FTES enrollment for the 2005–06 and 2006–07 academic years.
12. Of the funds appropriated in Schedule (18) for Extended Opportunity Programs and Services, \$106,786,000 is for Extended Opportunity Programs and Services (EOPS) in accordance with Article 8 (commencing with Section 69640) of Chapter 2 of Part 42 of the Education Code. Funds provided in this item for EOPS shall be available to students on all campuses within the California Community College system, including those students on new campuses or in new districts. In addition, \$15,505,000 is for funding, at all colleges, the Cooperative Agencies Resources for Education (CARE) program in accordance with Article 4 (commencing with Section 79150) of Chapter 9 of Part 48 of the Education Code. The Board of Governors of the California Community Colleges shall allocate funds on a priority basis to local programs on the basis of need for student services.
 - 12.5. Of the funds appropriated in Schedule (18) for the Extended Opportunity Programs and Services, \$1,900,000 shall be available to support additional textbook assistance grants to community college students as an allowable expenditure consistent with subparagraph 10 of subdivision (b) of Section 69648 of the Education Code.
 13. Of the funds appropriated in Schedule (19) for the Fund for Student Success, \$6,158,000 is for additional targeted student services, to be expended as follows:
 - (a) \$1,921,000 is for the Puente Project to support up to 75 colleges. These funds are available if matched by \$200,000 of private funds and the participating community colleges and University of California campuses maintain their 1995–96 fiscal year support level for the Puente Project. All funding shall be allocated directly to participating districts in accordance with their participation agreement.

- (b) Up to \$2,459,000 is for the Mathematics, Engineering and Science Achievement (MESA) Program. For each dollar allocated, the recipient district shall provide \$1 in matching funds.
 - (c) No less than \$1,778,000 is for the Middle College High School Program. With the exception of fully compliant special part-time students at the community colleges pursuant to Sections 48802 and 76001 of the Education Code, student workload based on participation in the Middle College High School Program shall not be eligible for community college state apportionment. Further, no community college state apportionment shall be made available for physical education classes, noncredit classes, nor other courses specified in Provision 9.
14. (a) The funds appropriated in Schedule (5) for the Disabled Students Program are for assisting districts in funding the excess direct instructional cost of providing special support services or instruction, or both, to disabled students enrolled at community colleges, and for state hospital programs, as mandated by federal law.
- (b) Of the amount appropriated in Schedule (5), no less than \$3,945,000 shall be used to address deficiencies identified by the federal Office of Civil Rights (OCR), as determined by the Office of the Chancellor of the California Community Colleges.
 - (c) Of the amount appropriated in Schedule (5), at least \$943,000 shall be used for support of the High Tech Centers for activities including, but not limited to, training of district employees, staff, and students in the use of specialized computer equipment for the disabled. All High Tech Centers shall meet standards developed by the Office of the Chancellor. Colleges that receive these augmentations shall not supplant existing resources provided to the centers.
 - (d) Notwithstanding any other provision of law, of the funds appropriated in Schedule (5), \$1,702,000 shall be for state hospital adult education programs at the hospitals served

by the Coast, Kern, and West Valley Community College Districts since the 1986–87 fiscal year. If adult education services at any of the three hospitals are not supported by the community colleges in any portion of the 2007–08 fiscal year, remaining funds shall, upon order of the Department of Finance, after 30 days' notice to the Chairperson of the Joint Legislative Budget Committee, be transferred to the State Department of Developmental Services (DDS). For any transfer of funds to DDS during the 2007–08 fiscal year, the Proposition 98 base funding levels for community colleges and DDS shall be adjusted accordingly.

- (e) Of the funds appropriated in Schedule (5) for the Disabled Student Services, no less than \$9,600,000 shall be allocated to support high-cost sign language interpreter services and real-time captioning equipment or other communication accommodations for hearing-impaired students based on a 4-to-1 state-to-local district match.
15. The funds appropriated in Schedule (6), Special Services for CalWORKs recipients, are for the purpose of assisting welfare recipient students and those in transition off of welfare to achieve long-term self-sufficiency through coordinated student services offered at community colleges, including workstudy, other educational related work experience, job placement services, child care services, and coordination with county welfare offices to determine eligibility and availability of services. All services funded in Schedule (6) shall be for current CalWORKs recipients or prior CalWORKs recipients who are in transition off of cash assistance for no more than two years. Current cash-assistance recipients may utilize these services until their initial educational objectives are met. Former recipients in transition off of cash assistance may utilize these services for a period of up to two years after leaving cash assistance subject to the conditions of this provision. These funds shall be used to supplement and not supplant existing funds and services provided for CalWORKs recipients attending community colleges. The

Chancellor of the California Community Colleges shall develop an equitable method for allocating funds to all districts and colleges based on the relative numbers of CalWORKs recipients in attendance and shall allocate funds for the following purposes:

- (a) Job placement.
- (b) Coordination with county welfare offices and other local agencies, including local workforce investment boards.
- (c) Curriculum development and redesign.
- (d) Child care and workstudy.
- (e) Instruction.
- (f) Postemployment skills training and related skills.
- (g) Campus-based case management, limited to on-campus assistance and services not provided by county case workers that do not supplant other counseling and academic support services funded through existing CCC categorical programs.

Of the amount appropriated in Schedule (6), \$15,000,000 is for child care and does not require a district match. For the remaining funds, districts shall, as a condition of receipt of these funds, provide a \$1 match for every \$1 provided by the state.

Funds utilized for subsidized child care shall be for children of CalWORKs recipients through campus-based centers or parental choice vouchers at rates and with rules consistent with those applied to related programs operated by the State Department of Education in the 2007–08 fiscal year, including eligibility, reimbursement rates, and parental contribution schedules. Subsidized campus child care for CalWORKs recipients may be provided during the period they are engaged in qualifying state and federal work activities through attainment of their initial education and training plan and for up to three months thereafter or until the end of the academic year, whichever period of time is greater.

Funds utilized for workstudy shall be used solely for payments to employers that currently participate in campus-based workstudy programs or are providing work experiences that are direct-

ly related to and in furtherance of student educational programs and work participation requirements, provided that those payments may not exceed 75 percent of the wage for the workstudy positions, and the employers shall pay at least 25 percent of the wage for the workstudy positions. These funds may be expended only if the total hours of education, employment, and workstudy for the student are sufficient to meet both state and federal minimum requirements for qualifying work-related activities.

Funds may be used to provide credit or non-credit classes for CalWORKs students if a district has committed all of its funded full-time equivalent students (FTES) and is unable to offer the additional instructional services to meet the demand for CalWORKs students. This determination shall be based on fall enrollment information. Districts shall submit applications to the Office of the Chancellor by October 15 of each year. If the chancellor approves the use of funds for direct instructional workload, the Office of the Chancellor shall submit a report to the Department of Finance and the Joint Legislative Budget Committee by November 15, 2007, that (a) identifies the enrollment of new CalWORKs students, (b) states whether and why additional classes were needed to accommodate the needs of CalWORKs students, and (c) sets forth an expenditure plan for the balance of funds.

As a condition of receipt of the funds appropriated in Schedule (6), by the fourth week following the end of the semester or quarter term commencing in January 2008, each participating community college shall submit to the Office of the Chancellor a report, in the format specified by the chancellor in consultation with the State Department of Social Services, that includes, but is not limited to, the funded components, the number of hours of child care provided, the average monthly enrollment of CalWORKs dependents served in child care, the number of workstudy hours provided, the hourly salaries and type of jobs, the number of students being case managed, the short-term programs available, the student participation rates, and other outcome data. It is intended that, to the extent practical,

reporting from colleges utilize data gathered for federal reporting requirements at the state and local level. Further, it is intended that the Office of the Chancellor compile the information for annual reports to the Legislature, the Governor, the Legislative Analyst, and the Department of Finance and State Department of Social Services by November 15 of each year.

First priority for expenditures of any funds appropriated in Schedule (6) shall be in support of current CalWORKs recipients. However, if caseloads are insufficient to fully utilize all of the funding in this schedule in a cost beneficial way, it is intended that up to \$5,000,000 of the funds subject to local matching requirements may be allocated for providing postemployment services to former CalWORKs recipients who have been off of cash assistance for no longer than two years to assist them in upgrading skills, job retention, and advancement. Allowable services include direct instruction that cannot be funded under available growth funding, child care to support attendance in these classes consistent with this provision, job development and placement services, and career counseling and assessment activities which cannot be funded through other programs. Child care services may only be provided for periods commensurate with a student's need for postemployment training within the two-year transitional period.

Prior to allocation of funds for postemployment services, the chancellor shall first secure the approval of the Department of Finance for the allocations, complete a cumulative report on the outcomes, activities, and cost-effectiveness of the program no later than November 15, 2007, in compliance with the Budget Acts of 1998 (Ch. 324, Stats. 1998) and 1999 (Ch. 50, Stats. 1999) and this act, and shall provide the rationale and justification for the proposed allocation of postemployment services to districts for transitional students.

If a district is unable to fully expend its share of child care funds, it may request that the Office of the Chancellor approve a reallocation to other CalWORKs purposes authorized by this provision, subject to all pertinent limitations and dis-

strict match required for these purposes under this provision.

Of the funds appropriated in Schedule (6) for the Special Services for CalWORKs Recipients Program, no less than \$8,000,000 is to provide direct workstudy wage reimbursement for students served under this program, and \$1,000,000 is available for campus job development and placement services.

16. Funds appropriated in Schedule (6) for the Special Services for CalWORKs Recipients Program have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) and may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
17. (a) Funds provided in Schedule (7) for the Foster Care Education Program shall be allocated to provide foster and relative/kinship care education and training. Districts shall ensure that education and training required by Sections 1529.1 and 1529.2 of the Health and Safety Code and Section 16003 of the Welfare and Institutions Code receive priority. Districts may use any remaining funds for additional parenting skills training.
- (b) Funds provided in Schedule (7) shall be used for foster parent and relative/kinship care provider education training services consistent with the following criteria:
 - (1) The Chancellor of the California Community Colleges shall use these funds exclusively for foster parent and relative/kinship care provider education and training, as specified by the chancellor in consultation with an advisory committee that includes foster parents, representatives of statewide foster parent organizations, parent and relative/kinship care providers, and representatives from the State Department of Social Services.
 - (2) Acceptance of funds under this program shall constitute agreement by the district to comply with such reporting require-

- ments, guidelines, and other conditions for receipt of funding as the chancellor may establish.
- (3) Each college plan for foster and relative/kinship care education programs shall include the provision of training to facilitate the development of foster family homes, small family homes, and relative/kinship homes to care for no more than six children who have special mental, emotional, developmental, or physical needs.
 - (4) The State Department of Social Services shall facilitate the participation of county welfare departments in the foster and relative/kinship care education program.
18. (a) Funds appropriated in Schedule (8) for the Matriculation Program are for the purpose of student matriculation pursuant to Article 1 (commencing with Section 78210) of Chapter 2 of Part 48 of the Education Code.
- (b) Of the amount appropriated in Schedule (8), \$20,000,000 shall be allocated to community college districts on a one-to-one matching funds basis to provide matriculation services, including, but not limited to, orientation, assessment, and counseling, for students enrolled in designated noncredit classes and programs who may benefit most, as determined by the Chancellor of the California Community Colleges pursuant to Sections 78216 to 78218, inclusive, of the Education Code.
19. The funds in Schedule (12) for the Part-time Faculty Compensation Program shall be allocated solely to increase compensation for part-time faculty from the amounts previously authorized. Funds shall be distributed to districts based on the total actual full-time equivalent students served in the previous fiscal year and include a small district factor as determined by the Chancellor of the California Community Colleges. These funds are to be used to assist districts in making part-time faculty salaries more comparable to full-time salaries for similar work, as determined through each district's local collective

bargaining process. These funds shall not supplant the amount of resources each district used to compensate part-time faculty or be used to exceed parity of each part-time faculty employed by each district with regular full-time faculty at the same district, as certified by the chancellor. If a district achieves parity, its allocation may be used for any other educational purpose.

20. (a) \$10,350,000 of the funds provided in Schedule (14) for the Telecommunications and Technology Services Program shall be for the purpose of supporting technical and application innovations and for coordination of activities that serve to maximize the utility of the technology investments of the community college system towards improving learning outcomes. Allocations shall be made by the Chancellor of the California Community Colleges, based on criteria and guidelines as developed by the chancellor, on a competitive basis through the RFA/RFP application process as follows:
 - (1) \$2,000,000, or as much as necessary, shall be available for a statewide digital uplink for the purpose of delivering statewide satellite services to system colleges and districts related to instruction, student support, and administration.
 - (2) \$2,300,000 is for the development and implementation of a systemwide audio bridging and telephony capability of the 4C Net backbone to facilitate collaboration of faculty, students, and staff in instruction, student services, and shared governance activities.
 - (3) The balance of funds shall be available for centers to provide regional coordination for technical assistance and planning, cooperative purchase agreements, and faculty and staff development. All other provisions as specified in Provision 17(b)(3) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 1996 (Ch. 162, Stats. 1996) shall apply.
- (b) \$12,500,000 of the funds provided in Schedule (14) shall be available for allocations to districts. It is the intent of the Legis-

lature that these funds be used by colleges to maintain the technology capabilities specified in Provision 21(a) of Item 6870-101-0001 of the Budget Act of 2003 (Ch. 157, Stats. 2003). These funds shall not supplant existing funds used for those purposes, and colleges shall match maintenance and ongoing costs with other funds as provided by Provision 21(a) of Item 6870-101-0001 of the Budget Act of 2003 (Ch. 157, Stats. 2003).

- (c) Of the funds provided in Schedule (14), \$1,347,000 shall be available for grants to districts to fund California Virtual University distance education centers, for instructing faculty in teaching courses online, and other expenses for conversion of courses for distance education. The funds appropriated in this item shall not supplant existing funds and shall be subject to established fiscal controls, annual reporting, and accountability requirements specified by the chancellor. The chancellor shall develop criteria for the allocation of these funds. As a condition of receipt of the funds, colleges are required to submit to the Office of the Chancellor reports in a format specified by the chancellor sufficient to document the value and productivity of this program, including, but not limited to, numbers and nature of courses converted, and the amount of distance education instructional workload services provided as a result of these courses. It is intended that the Office of the Chancellor further develop the reporting criteria for participating colleges and submit that for review along with an annual progress report on program implementation to the Legislative Analyst, Office of the Secretary for Education, and the Department of Finance no later than November 1 of each year, for review and comment.
- (d) Of the funds provided in Schedule (14), \$2,000,000 is for ongoing support and expansion of the California Partnership for Achieving Student Success Program (Cal-PASS). As a condition of receipt of these

funds, the Cal-PASS Program shall submit to the Office of the Chancellor, by October 15 of each year, a report in a format specified by the chancellor that sufficiently documents the value and productivity of the program. The report shall include, but not be limited to, the numbers and percentages of institutions and school districts that have signed agreements with Cal-PASS, the number and percentage that have actively submitted data to Cal-PASS in the current year, and the results of an annual financial audit as prescribed by the chancellor that includes an accounting of all funding sources of Cal-PASS and all uses of funds by funding source.

- (e) The chancellor shall submit an annual report detailing the scope of program activities undertaken by the Telecommunications and Technology Services Program to the Legislative Analyst, the Office of the Secretary for Education, and the Department of Finance not later than December 1 of each year. This report shall include a disclosure of expenditures by program and by district. As a condition of receiving Telecommunications and Technology funds, districts shall furnish any data required by the chancellor for the compilation of this report.
21. Of the funds provided in Schedule (15) for the Economic and Workforce Development Program:
- (a) \$22,830,000 is allocated for grants for regional business resources assistance and innovation network centers. Each grant awarded to a district for Centers for International Development shall contain sufficient funds, as determined by the Chancellor of the California Community Colleges, for the continued operation of Mexican International Trade Centers.
 - (b) \$7,822,000 is allocated for industry-driven regional education and training collaboratives. These grants shall be made on a competitive basis and the award amounts shall not be restricted to any predetermined limit,

but rather shall be funded on their individual merits.

- (c) \$3,609,000 is allocated for statewide network leadership, organizational development, coordination, information and support services, or other program purposes.
- (d) \$4,529,000 is available for Job Development Incentive Training programs focused on job creation for public assistance recipients. Any annual savings from this subdivision shall only be available for expenditure for one-time activities listed under subdivision (j) of Section 88531 of the Education Code.
- (dd) \$8,000,000 is allocated for the establishment of a Responsive Incumbent Worker Training Fund, which will serve to expand the delivery of performance improvement training to employers and incumbent workers in high-growth industries. Funds shall also be used to develop programs that integrate basic skills and career technical education curriculum in ways that provide students with seamless educational coursework that transitions students into high tech and high demand job sectors.
- (e) The following provisions apply to the expenditure of funds within subdivisions (a) and (b) above: Funds allocated for centers and regional collaboratives shall seek to maximize the use of state funds for subdivisions (g) to (j), inclusive, of Section 88531 of the Education Code. Funds allocated to districts for purposes of subdivisions (g) and (i) of Section 88531 of the Education Code for performance-based training and student internships shall be matched by a minimum of \$1 of private business and industry funding for each \$1 of state funds. Funds allocated for purposes of subdivision (h) of Section 88531 of the Education Code for credit and noncredit instruction may be transferred to Schedule (1) or (3) to facilitate distribution at the chancellor's discretion. Any funds that become available from network centers due to savings, discontinuance, or reduction of amounts shall first be made available for additional allocations in subdivision (b)

above to increase the level of subsidized training otherwise available.

- (f) Funds allocated by the Board of Governors of the California Community Colleges under this provision may not be used by community college districts to supplant existing courses or contract education offerings. The chancellor shall ensure that funds are spent only for expanded services and shall implement accountability reporting for districts receiving these funds to ensure that training, credit, and noncredit programs remain relevant to business needs. Programs that do not demonstrate continued relevance and support by business shall not be eligible for continued funding. The board of governors shall consider the level of involvement and financial commitments of business and industry as primary factors in making awards. The chancellor shall incorporate grant requirements into the guidelines for audits of economic development grants.
 - (g) Primary objectives of the Economic Development Program are to maximize instruction, to prepare students for entry-level jobs, to increase skills of the current workforce, and to stimulate the growth of businesses through training so that more jobs are created. As part of the annual report on the performance of the Economic Development Program, the chancellor shall provide disaggregated data detailing the funding provided to each economic development regional center and each industry-driven regional education and training collaborative, and to the extent practicable, the total number of hours of contract education services, performance improvement training, credit and noncredit instruction, and job placements created as a result of each center and collaborative.
22. (a) The funds appropriated in Schedule (16) for the Transfer Education and Articulation Program are available to support transfer and articulation projects and common course numbering projects.

- (b) Funding provided to community college districts from Schedule (16) is provided to directly offset any mandated costs claimed by community college districts pursuant to Chapter 737 of the Statutes of 2004.
23. (a) \$13,673,000 of the funds appropriated in Schedule (17) is available for the following purposes:
- (1) Scheduled maintenance and special repairs of facilities. The Chancellor of the California Community Colleges shall allocate funds to districts on the basis of actual reported full-time equivalent students (FTES), and may establish a minimum allocation per district. As a condition for receiving and expending these funds for maintenance or special repairs, a district shall certify that it will increase its operations and maintenance spending from the 1995–96 fiscal year by the amount it allocates from this appropriation for maintenance and special repairs, plus an equal amount to be provided from district discretionary funds. The chancellor may waive all or a portion of the matching requirement based upon a review of a district’s financial condition. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district. For every \$1 a district expends from this appropriation for scheduled maintenance and special repairs, the recipient district shall provide \$1 in matching funds.
 - (2) Hazardous substances abatement, cleanup, and repairs.
 - (3) Architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and seismic retrofit projects limited to \$400,000. Districts that receive funds for architectural barrier removal projects shall provide a \$1 match for every \$1 provided by the state.

- (b) \$13,672,000 of the funds appropriated in Schedule (17) is available for replacement of instructional equipment and library materials. For every \$3 a district expends from this appropriation for replacement of instructional equipment or library materials, the recipient district shall provide \$1 in matching funds. The Chancellor of the California Community Colleges may waive all or a portion of the matching requirement based upon a review of a district's financial condition. The funds provided for instructional equipment and library materials shall not be used for personal services costs or operating expenses. The chancellor shall allocate funds to districts on the basis of actual reported FTES and may establish a minimum allocation per district. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district.
 - (c) The funds appropriated in Schedule (17) shall be available for expenditure until June 30, 2009.
- 24. Pursuant to Sections 69648.5, 78216, and 84850, and subdivision (b) of Section 87108, of the Education Code, the Board of Governors of the California Community Colleges may allocate funds appropriated in Schedules (5), (8), (10), and (18) by grant or contract, or through the apportionment process, to one or more districts for the purpose of providing program evaluation, accountability, monitoring, or program development services, as appropriate under the applicable statute.
- 25. The funds appropriated in Schedule (20) for the Career Technical Education Program are for the purpose of aligning career-technical education curriculum between K-12 and community colleges in targeted industry-driven programs offered through the Economic Development Program. Prior to the allocation of these funds, the Chancellor of the California Community Colleges, in conjunction with the State Department of Education, shall submit a proposed expenditure plan for the funds contained in this item,

and the rationale thereof, to the Department of Finance by August 1, 2007, for approval.

Of the funds appropriated in Schedule (20), \$2,500,000 is available for the development and enhancement of health-related career pathway programs in grades 7 to 12, inclusive, and for the articulation and alignment of health-related curriculum between schools with students in kindergarten and grades 1 to 12, inclusive, and the California Community Colleges. The California Community Colleges shall report to the Legislature and the Governor on the usage and efficacy of these funds on or before January 10, 2008.

26. The funds appropriated in Schedule (21) for the Campus Childcare Tax Bailout shall be allocated by the Chancellor of the California Community Colleges to community college districts that levied child care permissive override taxes in the 1977–78 fiscal year pursuant to Sections 8329 and 8330 of the Education Code in an amount equal to the property tax revenues, tax relief subventions, and state aid required to be made available by the district to its child care and development program for the 1979–80 fiscal year pursuant to Section 30 of Chapter 1035 of the Statutes of 1979, increased by any cost-of-living increases granted in subsequent fiscal years. These funds shall be used only for the purpose of community college child care and development programs.
27. With regard to the funds appropriated in Schedule (23), Nursing Program Support, all of the following shall apply:
 - (a) \$14,000,000 shall be used to provide support for nursing program enrollment and equipment needs consistent with paragraph (2) of subdivision (a) of Section 2 of Chapter 514 of the Statutes of 2001. Grant funding for nursing enrollment shall provide a marginal increase in funding in addition to the amount provided for each full-time equivalent student for regular growth in apportionments.
 - (b) \$8,100,000 shall be used to provide diagnostic and support services, preentry coursework, alternative program delivery model development, and other services to reduce

the incidence of student attrition in nursing programs.

- (d) The Board of Governors of the California Community Colleges shall develop a request for applications (RFA) to allocate the additional \$5,214,000 of funds in subdivision (b) to community college districts. Criteria for assessing each RFA shall include all of the following:
 - (1) The degree to which the funds provided would be used to increase student enrollment in nursing programs beyond the level of full-time equivalent students served in the 2006–07 academic year.
 - (2) The district’s level of attrition from nursing programs and the suitability of planned expenditures to address attrition levels.
 - (3) The degree to which funds provided would be used to support infrastructure or equipment needs with the intent of building capacity and increasing the number of nursing students served.
 - (4) For districts with attrition rates of 15 percent or more, new grant funding shall focus on attrition reduction. For districts with attrition rates below 15 percent, new grant funding shall focus on enrollment expansion.
- (e) The board of governors shall release the RFA no sooner than 30 days after submitting it to the Legislature and the Department of Finance for review.
- (f) On or before March 1 of each year, the Chancellor of the California Community Colleges shall provide the Legislature and the Department of Finance with a report on the allocation of funding. For each district receiving funding under this item, the report shall include all of the following: (1) the amount of funding received, (2) the number of nursing full-time equivalent students served in the 2005–06 academic year, and the additional number of nursing full-time equivalent students served with funding provided in this item in each subsequent year, (3) the district’s attrition and comple-

tion rates in the 2005–06 academic year and subsequent years, (4) any equipment or infrastructure-related items acquired with the funds appropriated in this item, and (5) the number of new and existing faculty receiving annual stipend awards.

6870-101-0890—For local assistance, Board of Governors of the California Community Colleges, Program 20.96.001-Special Services and Operations, Small Manufacturers Training Program, payable from the Federal Trust Fund.....	235,000
Provisions:	
1. The funds appropriated in this item shall be used to implement the Small Manufacturers Training Program pursuant to a grant from the United States Small Business Administration. This program will focus on providing online and worksite-based training to small manufacturers in California.	
6870-101-0909—For local assistance, Board of Governors of the California Community Colleges, payable from the Community College Fund for Instructional Improvement.....	302,000
Schedule:	
(2) 20.30.022-Instructional Improvement Loans.....	302,000
6870-101-0925—For local assistance, Board of Governors of the California Community Colleges, Program 20.30.050-Economic Development, payable from California Business Resources and Assistance Innovation Network Fund.....	15,000
6870-102-0890—For local assistance, Board of Governors of the California Community Colleges, payable from the Federal Trust Fund.....	1,490,000
Provisions:	
1. The funds provided in this item shall be used to implement a community college logistics program pursuant to a grant from the United States Department of Labor. This program shall focus on developing online delivery of training and referral services, designing logistics modules, and aligning new curriculum with a-g standards for selected logistic programs.	
6870-103-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98), to allow selected community colleges to make required lease-purchase payments.....	59,401,000

Schedule:

- (1) Rental and administration..... 67,887,000
- (2) Reimbursements..... -8,486,000

Provisions:

1. The funds appropriated in this item are for transfer by the Controller to Section B of the State School Fund.
2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise needed to ensure debt requirements are met.
3. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

6870-107-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98), for local district financial oversight and evaluation..... 570,000

Provisions:

1. The funds appropriated in this item are available to the Board of Governors of the California Community Colleges to reimburse the Fiscal Crisis and Management Assistance Team (FCMAT) for costs incurred by FCMAT in conducting audits, examinations, or reviews of any community college districts pursuant to Section 84041 of the Education Code. The board of governors may request unsolicited reviews of local community college districts if the board determines that there is an imminent threat to the fiscal integrity of a district as a result of fraud, misappropriation of funds, or other illegal fiscal practices.
2. All proposed contracts and reimbursements for FCMAT services shall be subject to the approval of the Department of Finance.

6870-111-0001—For local assistance, Board of Governors of the California Community Colleges..... 0

Schedule:

- (1) 10.20-CalWORKs Services..... 8,000,000
- (2) 20.10.060-Foster Parent Training.... 6,112,000
- (3) 20.30.030-Vocational Education.... 60,541,000

- (4) 20.30.011-Telecommunications and Technology Infrastructure..... 292,000
 - (5) Reimbursements..... -74,945,000
- Provisions:

1. The funds appropriated in Schedules (1) and (3) are for transfer by the State Controller to Section B of the State School Fund.
2. The funds appropriated in Schedule (1) are to fund additional fixed, variable, and one-time costs for providing support services and instruction for CalWORKs students that include, but are not limited to, job placement and coordination; curriculum development and redesign; child care and workstudy; and instruction. As a condition of receiving funding, colleges are required to submit a plan to the Office of the Chancellor of the California Community Colleges describing how the funds will be utilized, which shall be based on collaboration with county welfare offices regarding the services and instruction that are needed for CalWORKs recipients.
3. The funds appropriated in Schedule (4) shall be used to support Phase 2 of the CCCTRAN project.
4. Of the funds appropriated in Schedule (3), \$3,800,000 is a one-time carryover available for the support of additional vocational education instructional activities. These funds shall be used during the 2007–08 academic year to support additional alignment and articulation of K-12 technical preparation programs with local community college economic development programs in an effort to incorporate greater participation of K-12 students in sequenced, industry-driven coursework that leads to meaningful employment in today’s high-tech, high-demand, and emerging technology areas of industry employment.

6870-295-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98), for reimbursement, in accordance with provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the Controller.....

4,004,000

Schedule:

- (1) 98.01.000.184-Health Fees (Ch. 1, Stats. 1984, 2nd Ex. Sess.) (CSM-4206)..... 3,989,000
- (2) 98.01.090.896-Sex Offenders: Disclosure Requirements (Ch. 908, Stats. 1996) (CSM-97-TC-15)..... 11,000
- (3) 98.01.028.498-Law Enforcement Jurisdiction Agreements (Ch. 284, Stats. 1998) (CSM-98-TC-20)..... 4,000

Provisions:

- 1. Allocation of funds appropriated in this item to the appropriate local entities shall be made by the Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated by this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.
- 2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairpersons of the committees in each house of the Legislature that consider appropriations, and the Chairperson of the Joint Legislative Budget Committee or his or her designee.

6870-301-6028—For capital outlay, Board of Governors of the California Community Colleges, to be allocated by the board of governors to community college districts for expenditure as set forth in the schedule below, payable from the 2002 Higher Education Capital Outlay Bond Fund.....

3,904,000

Schedule:

Glendale Community College District
Glendale College

(1) 40.18.122-Allied Health/Aviation Lab—Equipment.....	616,000	
Los Angeles Community College District		
Los Angeles Valley College		
(2) 40.26.803-Health Science Building—Equipment.....	3,219,000	
Rancho Santiago Community College District		
Santa Ana College		
(3) 40.41.124-Physical Education Seismic Replacement/Expansion—Equipment.....	69,000	
6870-301-6041—For capital outlay, Board of Governors of the California Community Colleges, to be allocated by the board of governors to community college districts for expenditure as set forth in the schedule below, payable from the 2004 Higher Education Capital Outlay Bond Fund.....		49,949,000
Schedule:		
San Bernardino Community College District		
San Bernardino Valley College		
(2) 40.46.215-North Hall Seismic Replacement—Construction.....	17,490,000	
(3) 40.46.216-North Hall/Media Communications Seismic Replacement—Construction.....	7,222,000	
(4) 40.46.217-Chemistry and Physical Science Seismic Replacement—Construction.....	25,237,000	
6870-301-6049—For capital outlay, Board of Governors of the California Community Colleges, to be allocated by the board of governors to community college districts for expenditure as set forth in the schedule below, payable from the 2006 California Community College Capital Outlay Bond Fund.....		414,185,000
Schedule:		
Allan Hancock Community College District		
Allan Hancock College		
(1) 40.02.118-One-Stop Student Services Center—Construction and equipment.....	15,091,000	
Antelope Valley Community College District		
Antelope Valley College		
(2) 40.03.114-Theatre Arts Facility—Construction and equipment....	10,404,000	
(3) 40.03.115-Health and Science Building—Preliminary plans and working drawings.....	2,770,000	

Barstow Community College District	
Barstow College	
(4) 40.04.104-Performing Arts Center—Construction and equipment....	20,225,000
(5) 40.04.105-Wellness Center—Preliminary plans and working drawings.....	296,000
Cerritos Community College District	
Cerritos College	
(6) 40.07.121-Gymnasium Seismic Retrofit—Preliminary plans and working drawings.....	910,000
Chaffey Community College District	
Ralph M. Lewis Fontana Center	
(7) 40.08.201-Fontana Center Phase III, Academic Building—Preliminary plans and working drawings....	883,000
Coast Community College District	
Orange Coast College	
(8) 40.11.312-Consumer and Science Lab Building—Preliminary plans and working drawings.....	1,129,000
Contra Costa Community College District	
Los Medanos College	
(10) 40.13.316-Art Area Remodel—Construction.....	2,261,000
El Camino Community College District	
El Camino College	
(11) 40.14.114-Humanities Complex Replacement—Equipment.....	2,686,000
(12) 40.14.115-Social Science Remodel for Efficiency—Preliminary plans and working drawings.....	453,000
Glendale Community College District	
Glendale College	
(13) 40.18.124-Laboratory/College Services Building—Preliminary plans and working drawings.....	2,769,000
Long Beach Community College District	
Long Beach City College, Pacific Coast Campus	
(14) 40.25.117-Multi-Disciplinary Academic Building—Preliminary plans and working drawings.....	1,467,000
Los Angeles Community College District	
East Los Angeles College	

(15) 40.26.108-Multi-Media Class-rooms—Construction and equip-ment.....	15,674,000
Los Angeles City College	
(16) 40.26.209-Jefferson Hall Modern-ization—Preliminary plans and working drawings.....	344,000
Los Angeles Harbor College	
(17) 40.26.305-Library/Learning Re-source Center—Preliminary plans and working drawings.....	1,218,000
Los Angeles Trade-Tech College	
(18) 40.26.705-Learning Assistance Center Renovation—Preliminary plans and working drawings.....	2,303,000
Los Angeles Valley College	
(19) 40.26.805-Library/Learning Assis-tance Center—Preliminary plans and working drawings.....	833,000
Los Rios Community College District American River College	
(20) 40.27.105-Fine Arts Instructional Space Expansion—Construction....	7,225,000
(21) 40.27.106-Library Expansion—Pre-liminary plans and working draw-ings.....	84,000
Cosumnes River College	
(22) 40.27.212-Science Building Instruc-tional Expansion—Construction....	8,670,000
Sacramento City College	
(23) 40.27.312-Fine Arts Building Modernization—Construction.....	4,922,000
(24) 40.27.313-Performing Arts Modern-ization—Preliminary plans and working drawings.....	281,000
Mt. San Antonio Community College District Mt. San Antonio College	
(25) 40.33.117-Administration Building Remodel—Preliminary plans and working drawings.....	521,000
Mt. San Jacinto Community College District Menifee Valley Center	
(26) 40.34.213-General Classroom Building—Construction and equipment.....	13,142,000
North Orange County Community College District Fullerton College	

(27) 40.36.204-Technology and Engineering Complex—Preliminary plans and working drawings.....	3,102,000
Palomar Community College District Palomar College	
(28) 40.38.114-Multi-Disciplinary Building—Construction and equipment.....	41,482,000
Redwoods Community College District College of the Redwoods	
(29) 40.42.106-Student Services/Administration and Performing Arts Building—Preliminary plans and working drawings.....	1,322,000
Riverside Community College District Riverside City College	
(30) 40.44.104-Nursing/Science Building—Preliminary plans and working drawings.....	1,300,000
South Orange County Community College District Saddleback College	
(31) 40.45.217-Learning Resource Center Renovation—Construction and equipment.....	14,983,000
San Bernardino Community College District Crafton Hills College	
(32) 40.46.106-Learning Resource/Technology Center—Construction and equipment.....	14,506,000
San Francisco Community College District City College of S.F., Phelan Campus	
(33) 40.48.107-Joint Use Instructional Facility—Construction and equipment.....	38,552,000
(34) 40.48.110-Classroom/Lab Arts Complex—Working drawings.....	797,000
(35) 40.48.111-Performing Arts Center—Preliminary plans and working drawings.....	1,743,000
City College of S.F., Chinatown Center	
(36) 40.48.301-Campus Building—Preliminary plans, working drawings, and construction.....	41,748,000
San Joaquin Delta Community College District San Joaquin Delta College	

(37) 40.49.108-Goleman Learning Resource Center Modernization—Construction and equipment.....	9,596,000
(38) 40.49.109-Cunningham Math/Science Replacement—Preliminary plans and working drawings.....	2,302,000
San Mateo County Community College District Skyline College	
(39) 40.52.309-Facility Maintenance Center—Equipment.....	250,000
Santa Barbara Community College District Santa Barbara City College	
(40) 40.53.122-High Technology Center—Construction and equipment....	30,672,000
Santa Clarita Community College District College of the Canyons	
(41) 40.54.116-Library Addition—Preliminary plans and working drawings.....	454,000
Santa Monica Community College District Santa Monica College	
(42) 40.55.110-Student Services and Administration Building—Preliminary plans and working drawings....	1,321,000
Sequoias Community College District College of the Sequoias	
(43) 40.56.115-Nursing and Allied Health Center—Construction and equipment.....	7,823,000
Tulare Center	
(44) 40.56.200-Phase I Site Development and Facilities—Preliminary plans.....	1,723,000
Shasta-Tehama-Trinity Joint Community College District Shasta College	
(45) 40.57.103-Library Addition—Construction and equipment.....	12,094,000
Sierra Joint Community College District Sierra College	
(46) 40.58.108-Child Development Center—Preliminary plans and working drawings.....	700,000
Sonoma County Community College District Santa Rosa Junior College	

(47) 40.61.401-Public Safety Training Center Adv. Lab & Office Complex—Preliminary plans and working drawings.....	298,000	
West Hills Community College District West Hills College, Coalinga		
(48) 40.67.105-Agricultural Science Facility—Preliminary plans and working drawings.....	615,000	
West Valley-Mission Community College District West Valley College		
(49) 40.69.105-Campus Technology Center—Construction and equipment.....	16,148,000	
(50) 40.69.106-Math and Science Replacement—Construction and equipment.....	5,243,000	
(51) 40.69.110-Science and Math Building Renovation—Construction.....	18,475,000	
Mission College		
(52) 40.69.209-Main Building, Second Floor Reconstruction—Construction.....	20,511,000	
Feather River Community College District Feather River College		
(53) 40.73.105-Learning Resource Center and Technology Building—Construction and equipment.....	9,864,000	
6870-303-6041—For capital outlay, Board of Governors of the California Community Colleges, to be allocated by the board of governors to community college districts for expenditure as set forth in the schedule below, payable from the 2004 Higher Education Capital Outlay Bond Fund.....		10,907,000
Schedule:		
San Mateo County Community College District College of San Mateo		
(1) 40.52.208-Demolition of Seismic Hazardous Buildings—Preliminary plans, working drawings, and construction.....	10,907,000	
Provisions:		
1. Notwithstanding Section 13332.11 of the Government Code, the community college districts shall complete each project identified within the		

total funding amount specified in the schedule for that project. This condition does not limit the authority of the district to use nonstate funds to fund or augment these projects with the State Public Works Board approval.

2. The community college districts shall complete each project identified without any change to its scope. The scope of a project means, in this respect, the intended purpose of the project as determined by reference to the following elements of the budget request for that project submitted by the Board of Governors of the California Community Colleges to the Department of Finance: (a) the program elements related to project type and (b) the functional description of spaces required to deliver the academic and supporting programs as approved by the Legislature.
3. Notwithstanding any other provision of law, the appropriation made in this item is available for encumbrance during the 2007–08 and 2008–09 fiscal years. For the purposes of encumbrance, funds appropriated for construction management and project contingencies purposes, as well as any bid savings, shall be deemed to be encumbered at the time a contract is awarded; these funds also may be used to initiate consulting contracts necessary for management of the project during the liquidation period.

6870-303-6049—For capital outlay, Board of Governors of the California Community Colleges, to be allocated by the board of governors to community college districts for expenditure as set forth in the schedule below, payable from the 2006 California Community College Capital Outlay Bond Fund..... 56,911,000

Schedule:

Cabrillo Community College District
Cabrillo College

- (1) 40.06.113-Visual Arts Reconstruction (Building 300)—Preliminary plans, working drawings, construction, and equipment..... 3,098,000

Ohlone Community College District
Ohlone College

(2) 40.16.113-Below Grade Water Intrusion Repair—Preliminary plans, working drawings, and construction..... 11,379,000

Grossmont-Cuyamaca Community College District
Cuyamaca College

(3) 40.19.119-LRC Expansion/Remodel, Phase I—Preliminary plans, working drawings, construction, and equipment..... 2,084,000

Los Angeles Community College District
East Los Angeles College

(4) 40.26.109-Bailey Library Modernization/Addition—Preliminary plans, working drawings, construction, and equipment..... 10,086,000

Los Angeles Mission College

(5) 40.26.411-Media Arts Center—Preliminary plans, working drawings, construction, and equipment.... 14,035,000

San Mateo County Community College District
Cañada College

(6) 40.52.105-Reconstruction of Academic Facilities—Preliminary plans, working drawings, construction, and equipment..... 5,688,000

West Kern Community College District
Taft College

(7) 40.68.105-TIL Center—Preliminary plans, working drawings, construction, and equipment..... 10,541,000

Provisions:

1. Notwithstanding Section 13332.11 of the Government Code, the community college districts shall complete each project identified within the total funding amount specified in the schedule for that project. This condition does not limit the authority of the districts to use nonstate funds to fund or augment these projects with the approval of the State Public Works Board.
2. The community college districts shall complete each project identified without any change to its scope. The scope of a project, in this context, means the intended purpose of the project as determined by reference to the following elements of the budget request for that project submitted by the board of governors to the De-

partment of Finance: (a) the program elements related to project type and (b) the functional description of spaces required to deliver the academic and supporting programs as approved by the Legislature.

3. Notwithstanding any other provision of law, the appropriation made in this item is available for encumbrance during the 2007–08 and 2008–09 fiscal years, except that the funds appropriated for equipment purposes are available for encumbrance until June 30, 2010. For the purposes of encumbrance, funds appropriated for construction management and project contingencies purposes, as well as any bid savings, shall be deemed to be encumbered at the time a contract is awarded; these funds also may be used to initiate consulting contracts necessary for management of the project during the liquidation period.

6870-486—Reappropriation, Proposition 98, Board of Governors of the California Community Colleges. The sum of \$26,668,000 is reappropriated for local assistance from the Proposition 98 Reversion Account for the following one-time purposes:

- (1) \$8,084,000 for scheduled maintenance and special repairs, replacement of instructional equipment and library materials, hazardous substances abatement projects, and architectural barrier removal projects designed to meet the requirements of the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.). To receive funding provided in this schedule, districts shall provide an appropriate local match, dependent on project type, as defined in Provision 23 of Item 6870-101-0001.
- (2) \$8,084,000 for grants to community college districts for the purchase of equipment or other one-time investments in nursing and allied health programs. One-time program investments are nonrecurring costs and do not include investments in ongoing salaries and benefits for district employees or other ongoing program operations and services.
 - (a) To ensure that these funds are allocated in a manner that expands the capacity of nursing and allied health programs or maintains program quality, the Board of Governors of the California Community Colleges shall

develop a request for applications to evaluate and prioritize funding for the most meritorious projects. Priorities for rating applications shall include, but not be limited to, the following: (1) the extent to which funds will directly increase nursing and allied health program enrollment capacity, (2) the extent to which a community college district demonstrates that these funds will be used in coordination with other funding sources as part of a comprehensive plan to increase program capacity and improve program quality, and (3) current attrition rates for nursing programs applying for these funds, and any plan that community college districts have to reduce those rates pursuant to funding provided for that purpose in Schedule (23) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).

- (b) Consistent with the reporting requirements specified in Provision 29 of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), the Chancellor of the California Community Colleges shall provide the Legislature and the Department of Finance with a report detailing the number and types of projects awarded funding during the 2007–08 fiscal year with these funds. This report shall be provided on or before March 1, 2008.
- (3) \$4,000,000 for community college nursing programs equally disbursed, to support startup costs for four new nursing programs awarded through a competitive grant process.
- (4) \$4,000,000 for the Part-Time Community College Faculty Health Insurance Program, to be distributed on a one-time basis in a manner that is consistent with Article 9 (commencing with Section 87860) of Chapter 3 of Part 51 of the Education Code.
- (5) \$1,000,000 to support the CalPASS program. These funds shall support the work of up to 50 new professional learning councils in the 2007–08 academic year. Each eligible council shall receive a maximum grant of \$20,000. The director of the CalPASS program shall provide

a list of recipients of these funds to the Board of Governors of the California Community Colleges by March 1, 2008.

- (6) \$1,500,000 to establish the California Construction College pilot program.

6870-490—Reappropriation, Board of Governors of the California Community Colleges. The balances of the appropriations provided for in the following citations are reappropriated for the purposes and subject to the limitations in those appropriations, unless otherwise specified:

0574—1998 Higher Education Capital Outlay Bond Fund

- (1) Item 6870-301-0574, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

Contra Costa Community College District
Contra Costa College

- (1) 40.13.106-Art Building Seismic Retrofit—Working drawings

Rio Hondo Community College District
Rio Hondo College

- (2) 40.43.106-Applied Technology Building Reconstruction—Construction and equipment

6041—2004 Higher Education Capital Outlay Bond Fund

- (1) Item 6870-301-6041, Budget Act of 2004 (Ch. 208, Stats. 2004)

Cabrillo Community College District
Cabrillo College

- (3) 40.06.111-Visual and Performing Arts Complex—Equipment

Long Beach Community College District
Long Beach City College, Pacific Coast Campus

- (20) 40.25.120-Industrial Technology Center-Manufacturing—Construction and equipment

Los Angeles Community College District
Los Angeles City College

- (22) 40.26.204-Child Development Center—Equipment

- (2) Item 6870-301-6041, Budget Act of 2004 (Ch. 208, Stats. 2004), as reappropriated by Item 6870-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

Mt. San Antonio Community College District
Mt. San Antonio College

- (35) 40.33.114-Agriculture Sciences Complex—Construction and equipment
 - (3) Item 6870-301-6041, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)
 - Los Angeles Community College District
 - Los Angeles Mission College
 - (16) 40.26.412-Health and Physical Education Building—Construction and equipment
 - Los Rios Community College District
 - Folsom Lake College
 - (20) 40.27.504-Fine Arts Instructional Building—Construction
 - Monterey Peninsula Community College District
 - Monterey Peninsula College
 - (24) 40.32.105-Library Building Renovation/Conversion—Construction and equipment
 - (4) Item 6870-301-6041, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as reappropriated by Item 6870-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - Los Angeles Community College District
 - Los Angeles Harbor College
 - (14) 40.26.303-Adaptive Physical Education and Physical Education Building Renovation—Construction and equipment
 - (15) 40.26.304-Child Development Center—Construction and equipment
 - San Francisco Community College District
 - John Adams Center
 - (32) 40.48.201-John Adams Modernization—Construction
 - (5) Item 6870-301-6041, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - Contra Costa Community College District
 - Los Medanos College
 - (3) 40.13.315-Core Building Remodel—Construction and equipment
 - Santa Barbara Community College District
 - Santa Barbara City College
 - (4) 40.53.123-Drama/Music Building Modernization—Construction and equipment
- 6049—2006 California Community College Capital Outlay Bond Fund
- (1) Item 6870-301-6049, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - Palo Verde Community College District
 - Palo Verde College

- (11) 40.37.104-Fine and Performing Arts—Construction and equipment
- 6870-491—Reappropriation, Board of Governors of the California Community Colleges. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citation is extended to June 30, 2008:
- 6028—2002 Higher Education Capital Outlay Bond Fund
- (1) Item 6870-301-6028, Budget Act of 2002 (Ch. 379, Stats. 2002)
Long Beach Community College District
Long Beach City College, Pacific Coast Campus
- (19) 40.25.115-Replacement of Technology Buildings—Construction
- 6870-495—Reversion, California Community Colleges, Proposition 98. The following amounts shall be reverted to the Proposition 98 Reversion Account by the Controller on or after March 14, 2008:
- (1) \$20,939,000, or whatever greater or lesser amount represents the balance available due to higher property taxes and oil and mineral revenues received, as determined by the Chancellor of the California Community Colleges in conjunction with the Department of Finance, than estimated to be available at the time the Budget Act of 2006 was enacted, from Schedule (1), Apportionments, of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (2) \$80,000,000, or whatever greater or lesser amount represents the balance available from Schedule (1), Apportionments, of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), as determined by the Chancellor of the California Community Colleges in conjunction with the Department of Finance.
- 6870-497—Reversion, Board of Governors of the California Community Colleges. As of June 30, 2007, the balances specified below of the appropriations provided for in the following citations shall revert to the funds from which the appropriations were made:
- 6028—2002 Higher Education Capital Outlay Bond Fund

(1) Item 6870-301-6028, Budget Act of 2003 (Ch. 157, Stats. 2003)		
Glendale Community College District		
Glendale College		
(21) 40.18.122-Allied Health/Aviation Lab—Equipment.....	575,000	
Rancho Santiago Community College District		
Santa Ana College		
(54) 40.41.124-Physical Education		
Seismic Replacement/Expansion—Equipment.....	65,000	
6041—2004 Higher Education Capital Outlay Bond Fund		
(1) Item 6870-301-6041, Budget Act of 2004 (Ch. 208, Stats. 2004)		
San Mateo County Community College District		
College of San Mateo		
(52) 40.52.207-Student Services Consolidation—Construction.....	9,790,000	
(2) Item 6870-301-6041, Budget Act of 2005 (Ch. 38, Stats. 2005)		
San Mateo County Community College District		
College of San Mateo		
(36) 40.52.207-Student Services Consolidation—Equipment....	263,000	
7980-001-0001—For support of Student Aid Commission.....		15,449,000
Schedule:		
(1) 15-Financial Aid Grants Program....	13,886,000	
(2) 50-California Loan Program.....	1,859,000	
(3) 80.01-Administration and Support Services.....	3,302,000	
(4) 80.02-Distributed Administration and Support Services.....	-3,302,000	
(5) Reimbursements.....	-296,000	
Provisions:		
1. The funds appropriated in this item are available only for the Student Aid Commission’s state operations activities.		
2. Of the funds appropriated in Schedule (1), \$1,167,000 is available for expenditure to support enhancement of the Student Aid Commission’s Grant Delivery System. Of this amount, \$798,000 is one-time funding.		
3. Of the funds appropriated in this item, \$30,000 is to provide for one-half personnel years to im-		

plement a new State Facilities Nursing Assump-
tion Program of Loans for Education, pursuant
to Article 2 (commencing with Section 70120)
of Chapter 3 of Part 42 of the Education Code.

- 4. Of the funds appropriated in Schedule (1), \$175,000 is available for 2.0 positions to increase program compliance reviews for institutions participating in the Cal Grant Program under Chapter 1.7 (commencing with Section 69430) of Part 42 of the Education Code and the Assumption Program of Loans for Education under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of the Education Code, with the objective of auditing higher risk institutions once every three years. The audits shall emphasize verification of applicant eligibility, fund disbursement, and payment reconciliation. The commission shall prioritize its review of institutions that have demonstrated noncompliance in prior audits. The commission shall report to the Legislature and the Governor by September 30, 2008, on the institutions audited, the rate of noncompliance with each major program requirement, and the steps taken to address noncompliance.
- 5. Of the funds appropriated in this item, \$100,000 is to provide staff support and outreach associated with the implementation of the Public Interest Attorney Loan Repayment Program authorized pursuant to Item 7980-101-0001.

7980-101-0001—For local assistance, Student Aid Commission..... 859,814,000

Schedule:

- (1) 15-Financial Aid Grants Program..... 889,950,000
- (2) Reimbursements..... -19,514,000
- (3) Amount payable from the Federal Trust Fund (Item 7980-101-0890)..... -10,622,000

Provisions:

- 1. Funds appropriated in Schedule (1) are for purposes of all of the following:
 - (a) Awards in the Cal Grant Program under Chapter 1.7 (commencing with Section 69430) and Article 3 (commencing with Section 69530) of Chapter 2 of Part 42 of the Education Code.

- (b) Grants under the Law Enforcement Personnel Dependents Scholarship Program pursuant to Section 4709 of the Labor Code.
 - (c) California Student Opportunity and Access Program contract agreements under Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of the Education Code.
 - (d) The purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of the Education Code. The Student Aid Commission shall issue 8,000 new warrants.
 - (e) The purchase of loan assumptions under the Graduate Assumption Program of Loans for Education pursuant to Article 5.5 (commencing with Section 69618) of Chapter 2 of Part 42 of the Education Code.
 - (f) The Student Aid Commission shall report by April 1, 2008, on the State Nursing Assumption Program of Loans for Education, pursuant to the reporting requirements of Section 70108 of the Education Code.
 - (g) Of the amount appropriated in Schedule (1), \$200,000 is provided for loan assumption payments to participants in the National Guard Assumption Program of Loans for Education pursuant to Article 12.5 (commencing with Section 69750) of Chapter 2 of Part 42 of the Education Code.
 - (h) Notwithstanding subdivision (c) of Section 69613.8 of the Education Code, any Assumption Program of Loans for Education participant who meets the requirements of subdivision (a) or (b) of Section 69613.8 of the Education Code may receive the additional loan assumption benefits authorized by those subdivisions.
2. If federal trust funds for the 2007–08 fiscal year exceed budgeted levels, the funds appropriated shall, to the extent allowable by federal law, be reduced on a dollar-for-dollar basis.
 3. Eligibility for moneys appropriated in this item is limited to students who demonstrate financial need according to the nationally accepted needs analysis methodology, who meet other Student Aid Commission eligibility criteria, and, notwithstanding subdivision (k) of Section

- 69432.7 of the Education Code, whose income or family's gross income does not exceed \$84,600 for the purpose of determining recipients for the 2007–08 award year.
4. Notwithstanding any other provision of law, the maximum award for:
 - (a) New recipients attending private and independent institutions shall be \$9,708.
 - (b) All recipients receiving Cal Grant B access awards shall be \$1,551.
 - (c) All recipients receiving Cal Grant C tuition and fee awards shall be \$2,592.
 - (d) All recipients receiving Cal Grant C book and supply awards shall be \$576.
 5. Of the funds appropriated in Schedule (1), \$8,567,000 is for the California Student Opportunity and Access Program established pursuant to Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of the Education Code and shall be available to provide financial aid awareness and outreach to students who are preparing to enter, or are currently enrolled in, college.
 6. Notwithstanding any other provision of law, the commission may not issue new warrants for the assumption of loans for the Graduate Assumption Program of Loans for Education pursuant to Article 5.5 (commencing with Section 69618) of Chapter 2 of Part 42 of the Education Code.
 7. Pursuant to Chapter 403 of the Statutes of 2000 and notwithstanding any other provision of law, the Director of Finance may authorize the augmentation, from the Special Fund for Economic Uncertainties established pursuant to Section 16418 of the Government Code, of the annual amount appropriated for the purposes of making Cal Grant awards pursuant to Chapter 1.7 (commencing with Section 69430) of Part 42 of the Education Code, as necessary to fully fund the number of awards required to be granted by that chapter. No augmentation may be authorized under this provision sooner than 30 days after the Director of Finance provides written notice of the proposed augmentation to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations,

nor sooner than whatever lesser time those persons, or their designees, may in each instance determine.

- 8. The Student Aid Commission is authorized to issue 100 new warrants for the State Nursing Assumption Program of Loans for Education (SNAPLE) Employees of State Facilities Program pursuant to Article 2 (commencing with Section 70120) of Chapter 3 of Part 42 of the Education Code.
- 9. The Student Aid Commission shall issue 100 new warrants for the Public Interest Attorney Loan Repayment Program, pursuant to Article 12 (commencing with Section 69740) of Chapter 2 of Part 42 of the Education Code.
- 10. The Student Aid Commission shall issue 100 new State Nursing Assumption Program of Loans for Education (SNAPLE) warrants pursuant to Article 1 (commencing with Section 70100) of Chapter 3 of Part 42 of the Education Code.

7980-101-0890—For local assistance, Student Aid Commission, Leveraging Educational Assistance Partnership Program (LEAP) and Special Leveraging Educational Assistance Partnership Program (SLEAP) for payment to Item 7980-101-0001, payable from the Federal Trust Fund..... 10,622,000

7980-495—Reversion, Student Aid Commission. The unencumbered balance as of June 30, 2007, of the appropriation provided in the following citation shall revert to the fund balance of the fund from which the appropriation was made:

0001—General Fund

- (1) Item 7980-101-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

LABOR AND WORKFORCE DEVELOPMENT AGENCY

7100-001-0001—For support of Employment Development Department, for payment to Item 7100-001-0870..... 25,176,000

7100-001-0184—For support of Employment Development Department, for payment to Item 7100-001-0870, payable from the Employment Development Department Benefit Audit Fund..... 14,621,000

Provisions:

1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

7100-001-0185—For support of Employment Development Department, for payment to Item 7100-001-0870, payable from the Employment Development Contingent Fund..... 79,495,000

Provisions:

1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to Section 1586 of the Unemployment Insurance Code.
2. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.
3. Notwithstanding any other provision of law and sections of this act, the Director of the Employment Development Department (EDD) may augment this item by up to \$3,000,000 to make interest payments on an Unemployment Fund loan secured to pay Unemployment Insurance (UI) benefits. The EDD will notify the Department of Finance by October 1, 2007, of a planned augmentation by submitting an estimated interest calculation for review. The amount disbursed under this augmentation is limited to actual interest due on an Unemployment Fund loan secured to pay UI benefits. Pursuant to Provision 1 of Item 7100-011-0185, any amount not disbursed for the purpose specified above shall be transferred to the General Fund.
4. It is the intent of the Legislature that providing employment and training services to CalWORKS clients and parolees is a priority for the Employment Development Department (EDD), the State Department of Social Services, local workforce investment areas, and other One-Stop Career Center partners. On or before April 1, 2008, the EDD shall report to the Joint Legislative Budget Committee on the employment services provided to CalWORKS recipients and parolees at the One-Stop Career Centers from July 1, 2007, to January 31, 2008, inclusive.

7100-001-0514—For support of Employment Development Department, for payment to Item 7100-001-0870, payable from the Employment Training Fund..... 61,600,000

Provisions:

- 1. Upon order of the Director of Finance, funds disencumbered from Employment Training Fund training contracts during the 2007–08 fiscal year that have not reverted as of July 1, 2007, may be appropriated in augmentation of this item.
- 2. Notwithstanding subparagraph (B) of paragraph (2) of subdivision (a) of Section 10206 of the Unemployment Insurance Code, the Employment Training Panel’s administrative costs may exceed 15 percent of the amount appropriated in this item.

7100-001-0588—For support of Employment Development Department, for payment to Item 7100-001-0870, payable from the Unemployment Compensation Disability Fund..... 214,768,000

Provisions:

- 1. The Employment Development Department shall submit on October 1, 2007, and April 20, 2008, to the Department of Finance for its review and approval, an estimate of expenditures for both the current and budget years, including the assumptions and calculations underlying Employment Development Department projections for expenditures from this item. The Department of Finance shall approve, or modify, the assumptions underlying all estimates within 15 working days of the due date. If the Department of Finance does not approve or modify in writing, the assumptions underlying all estimates within 15 working days of the due date, the Employment Development Department shall consider the assumptions and calculations approved as submitted. If the Department of Finance determines that the estimate of expenditures differs from the amount appropriated by this item, the Director of Finance shall so report to the Legislature. At the time the report is made, the amount of this appropriation shall be adjusted by the difference between this Budget Act appropriation and the approved estimate of the Department of Finance. Revisions reported pursuant to this provision are not subject to Section 28.00.

7100-001-0869—For support of state programs under the Workforce Investment Act (WIA), Employment Development Department, payable from the Consolidated Work Program Fund..... 140,459,000

Schedule:

- (1) 61.35-WIA Administration and Program Services..... 23,196,000
- (2) 61.40-WIA Growth Industries..... 2,709,000
- (3) 61.50-WIA Industries with a State-wide Need..... 9,600,000
- (4) 61.60-WIA Removing Barriers for Special Needs Populations..... 17,829,000
- (5) 61.70-WIA Rapid Response Activities..... 34,400,000
- (5.5) 61.80-WIA Special Grants..... 7,725,000
- (6) 62.10-National Emergency Grant Program..... 45,000,000

Provisions:

- 1. Provision 1 of Item 7100-001-0588 also applies to Schedules (1) and (5) of this item.
- 1.5. For Schedules (2), (3), and (4), the Employment Development Department (EDD) shall submit on October 1, 2007, and April 20, 2008, to the Department of Finance for its review and approval an estimate of expenditures for both the current and budget fiscal years, including the assumptions and calculations underlying the EDD's projections for expenditures from these schedules. To the extent the EDD identifies unspent or receives unanticipated additional federal WIA 15-percent discretionary funds, the Department of Finance may increase expenditure authority for Schedules (2) to (4), inclusive, if the additional funding is consistent with the expenditure plan for WIA discretionary funds in this item and meets the four requirements set forth in subdivision (b) of Section 28.00. Any such augmentation exceeding \$250,000 may be authorized not sooner than 30 days after written notification is provided to the chairpersons of the committees in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.

- 1.7. For Schedules (2), (3), and (4), in the event that the Employment Development Department is notified of a reduction in federal Workforce Investment Act (WIA) 15-percent discretionary funds, the Department of Finance may decrease expenditure authority for Schedules (2) to (4), inclusive. Any such decrease that exceeds \$250,000 may be authorized not sooner than 30 days after notification in writing is provided to the chairpersons of the committees in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.
- 2. The Secretary of Labor and Workforce Development is authorized to transfer up to \$500,000 of the funds appropriated in this item to the California Workforce Investment Board, Federal Trust Fund, Item 7120-001-0890, to facilitate the implementation and operation of the WIA Program. Any transfer made pursuant to this provision shall be reported in writing to the Department of Finance, the chairpersons of the fiscal committees of each house of the Legislature, and the Chairperson of the Joint Legislative Budget Committee within 30 days of the date of the transfer.
- 3. Notwithstanding any other provision of law, the Secretary of Labor and Workforce Development is authorized to transfer funds between categories (Schedules (1) to (4), inclusive) as included in the schedule to be used for projects. Any transfer made pursuant to this provision shall be reported in writing to the Department of Finance, the chairpersons of the fiscal committees of each house of the Legislature, and the Chairperson of the Joint Legislative Budget Committee within 30 days of the date of the transfer.

7100-001-0870—For support of Employment Development Department, payable from the Unemployment Administration Fund-Federal..... 523,595,000

Schedule:

- (1) 10-Employment and Employment Related Services..... 180,125,000

- (2) 21-Tax Collections and Benefit Payments..... 626,785,000
- (3) 22-California Unemployment Insurance Appeals Board..... 74,196,000
- (4) 30.01-General Administration..... 56,859,000
- (5) 30.02-Distributed General Administration..... -51,194,000
- (6) 50-Employment Training Panel..... 56,345,000
- (7) Reimbursements..... -22,916,000
- (8) Amount payable from the General Fund (Item 7100-001-0001)..... -25,176,000
- (9) Amount payable from the Employment Development Department Benefit Audit Fund (Item 7100-001-0184)..... -14,621,000
- (10) Amount payable from the Employment Development Contingent Fund (Item 7100-001-0185)..... -79,495,000
- (11) Amount payable from the Employment Training Fund (Item 7100-001-0514)..... -61,600,000
- (12) Amount payable from the Unemployment Compensation Disability Fund (Item 7100-001-0588)..... -214,768,000
- (13) Amount payable from the School Employees Fund (Item 7100-001-0908)..... -945,000

Provisions:

- 1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated pursuant to Section 1555 of the Unemployment Insurance Code.
- 2. Provision 1 of Item 7100-001-0588 also applies to funds appropriated in this item for the Unemployment Insurance Program.
- 3. No later than September 13, 2007, the Secretary of Labor and Workforce Development shall report to the Director of Finance and the Joint Legislative Budget Committee on the progress of the Underground Economy Enforcement Program and shall provide justification for its continuance.

7100-001-0908—For support of Employment Development Department, for payment to Item 7100-001-0870, payable from the School Employees Fund.... 945,000

Provisions:

- 1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to Section 822 of the Unemployment Insurance Code.
- 2. Provision 1 of Item 7100-001-0588 also applies to this item.

7100-011-0184—For transfer by the Controller, upon order of the Director of Finance, from the Employment Development Department Benefit Audit Fund, to the General Fund..... (3,895,000)

Provisions:

- 1. The unencumbered balance in the Employment Development Department Benefit Audit Fund as of June 30, 2008, shall be transferred to the General Fund.

7100-011-0185—For transfer by the Controller from the Employment Development Contingent Fund, to the General Fund..... (4,151,000)

7100-011-0890—For support of Employment Development Department, payable from the Federal Trust Fund, for transfer to the Unemployment Administration Fund—Federal..... (523,595,000)

7100-021-0890—For support of Employment Development Department, payable from the Federal Trust Fund, for transfer to the Consolidated Work Program Fund..... (140,459,000)

7100-101-0001—For local assistance, Employment Development Department..... 5,700,000

7100-101-0588—For local assistance, Employment Development Department, for Program 21—Tax collections and benefit payments, payable from the Unemployment Compensation Disability Fund..... 4,246,267,000

Provisions:

- 1. Provision 1 of Item 7100-001-0588 also applies to this item.
- 2. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated pursuant to Section 3012 of the Unemployment Insurance Code.
- 3. Apart from the estimate of expenditures that the Employment Development Department provides to the Department of Finance on October 1 and April 20 of each year, the Department of Finance is authorized to approve requests for expenditure adjustments for this item in those amounts made

necessary by changes in either workload or payments, any rule or regulation adopted as a result of the enactment of a federal or state law, the adoption of a federal regulation, or the following of a court decision during the 2007–08 fiscal year that are within or in excess of amounts appropriated in this act for that year. The Department of Finance shall approve or modify the request for change in expenditures within seven working days of receipt of the request. If the Department of Finance does not approve or modify the request, the Employment Development Department shall consider the assumptions and calculations approved as submitted. The Department of Finance shall notify the Legislature of any modifications to expenditures made pursuant to this provision.

7100-101-0869—For local assistance under Workforce Investment Act (WIA), Employment Development Department, Program 61-WIA Program, payable from the Consolidated Work Program Fund..... 286,934,000
Provisions:

1. Provision 1 of Item 7100-001-0588 also applies to this item.

7100-101-0871—For local assistance, Employment Development Department, for Program 21—Tax collections and benefit payments, payable from the Unemployment Fund—Federal..... 5,284,177,000
Provisions:

1. Funds appropriated in this item are in lieu of the amounts that would have otherwise been appropriated pursuant to Section 1521 of the Unemployment Insurance Code.
2. Provision 1 of Item 7100-001-0588 also applies to this item.
3. Provision 3 of Item 7100-101-0588 also applies to this item.

7100-101-0890—For local assistance, Employment Development Department, payable from the Federal Trust Fund, for transfer to the Consolidated Work Program Fund..... (286,934,000)

7100-101-0908—For local assistance, Employment Development Department, for Program 21—Tax collections and benefit payments, payable from the School Employees Fund..... 75,104,000

Provisions:

- 1. Provision 1 of Item 7100-001-0588 also applies to this item.
- 2. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for benefits pursuant to Section 822 of the Unemployment Insurance Code.
- 3. Provision 3 of Item 7100-101-0588 also applies to this item.

7100-111-0890—For local assistance, Employment Development Department, payable from the Federal Trust Fund, for transfer to the Unemployment Fund—Federal..... (5,284,177,000)

7100-311-0690—For capital outlay, Employment Development Department. To prevent the loss of funds in the Employment Development Department Building Fund, the unencumbered balances of the funds deposited in the Employment Development Department Building Fund shall be transferred to the Federal Unemployment Fund.

Provisions:

- 1. The Employment Development Department shall report to the Legislature by September 1, 2008, the amount of funds transferred pursuant to this item.

7120-001-0890—For support of the California Workforce Investment Board, payable from the Federal Trust Fund..... 3,506,000

Schedule:

- (1) 10-California Workforce Investment Program..... 4,371,000
- (2) Reimbursements..... -865,000

Provisions:

- 1. The Secretary of the Labor and Workforce Development Agency, with the approvals of the California Workforce Investment Board and Department of Finance, and not sooner than 30 days after notification to the Joint Legislative Budget Committee, is authorized to transfer funds appropriated in this item to the Employment Development Department, Consolidated Work Program Fund, Item 7100-001-0869, to facilitate the implementation and operation of the Workforce Investment Act Program.

7300-001-0001—For support of Agricultural Labor Relations Board..... 5,116,000

Schedule:		
(1) 10-Board Administration.....	2,170,000	
(2) 20-General Counsel Administration.....	2,946,000	
(3) 30.01-Administration Services.....	263,000	
(4) 30.02-Distributed Administration Services.....	-263,000	
7350-001-0001—For support of Department of Industrial Relations.....		67,768,000
Schedule:		
(1) 10-Self-Insurance Plans.....	3,778,000	
(2) 20-Mediation/Conciliation.....	2,359,000	
(3) 30-Division of Workers' Compensation.....	165,983,000	
(4) 36-Commission on Health and Safety and Workers' Compensation.....	3,080,000	
(5) 40-Division of Occupational Safety and Health.....	96,652,000	
(6) 50-Division of Labor Standards Enforcement.....	49,933,000	
(7) 60-Division of Apprenticeship Standards.....	13,120,000	
(8) 70-Division of Labor Statistics and Research.....	3,904,000	
(9) 80-Claims, Wages, and Contingencies.....	1,182,000	
(10) 94.01-Administration.....	31,366,000	
(11) 94.02-Distributed Administration.....	-31,366,000	
(13) Reimbursements.....	-2,072,000	
(14) Reimbursements for Division of Workers' Compensation.....	-1,560,000	
(15) Amount payable from the Farmworkers Remedial Account (Item 7350-001-0023).....	-102,000	
(16) Amount payable from the Cal-OSHA Targeted Inspection and Consultation Fund (Item 7350-001-0096).....	-18,117,000	
(17) Amount payable from the Workers' Compensation Managed Care Fund (Item 7350-001-0132).....	-350,000	
(18) Amount payable from the Industrial Relations Construction Industry Enforcement Fund (Item 7350-001-0216).....	-53,000	

(19) Amount payable from the Workers' Compensation Administration Revolving Fund (Item 7350-001-0223).....	-166,552,000
(20) Amount payable from the Asbestos Consultant Certification Account (Item 7350-001-0368).....	-318,000
(21) Amount payable from the Asbestos Training Approval Account (Item 7350-001-0369).....	-114,000
(22) Amount payable from the Self-Insurance Plans Fund (Item 7350-001-0396).....	-3,735,000
(23) Amount payable from the Elevator Safety Account (Item 7350-001-0452).....	-18,790,000
(24) Amount payable from the Pressure Vessel Inspection Account (Item 7350-001-0453).....	-4,600,000
(25) Amount payable from the Garment Manufacturers Special Account (Item 7350-001-0481).....	-500,000
(26) Amount payable from the Uninsured Employers' Account, Uninsured Employers Fund (Item 7350-001-0571).....	-742,000
(27) Amount payable from the Employment Training Fund (Item 7350-001-0514).....	-3,128,000
(28) Amount payable from the Federal Trust Fund (Item 7350-001-0890).....	-31,709,000
(29) Amount payable from the Industrial Relations Unpaid Wage Fund (Item 7350-001-0913).....	-3,692,000
(30) Amount payable from the Industrial Relations Unpaid Wage Fund (Section 96.6 of the Labor Code)....	-500,000
(31) Amount payable from the Electrician Certification Fund (Item 7350-001-3002).....	-3,068,000
(32) Amount payable from the Garment Industry Regulations Fund (Item 7350-001-3004).....	-3,686,000
(33) Amount payable from the Apprenticeship Training Contribution Fund (Item 7350-001-3022).....	-6,823,000

- (34) Amount payable from the Workers' Occupational Safety and Health Education Fund (Item 7350-001-3030)..... -1,210,000
- (35) Amount payable from the Workers' Compensation Return-to-Work Fund (Item 7350-001-3031)..... -500,000
- (36) Amount payable from the Car Wash Worker Restitution Fund (Item 7350-001-3071)..... -80,000
- (37) Amount payable from the Car Wash Worker Fund (Item 7350-001-3072)..... -186,000
- (38) Amount payable from the Worker Safety Bilingual Investigative Support, Enforcement and Training Account (Item 7350-001-8024).... -36,000

Provisions:

- 1. The Secretary of Labor and Workforce Development shall report to the Director of Finance and the Joint Legislative Budget Committee on the progress of the Underground Economy Enforcement Program and shall provide justification for its continuance by September 13, 2007.

7350-001-0023—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Farmworkers Remedial Account.... 102,000
Provisions:

- 1. Upon approval by the Department of Finance and notification to the chairpersons for the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, the Department of Industrial Relations may augment this item for the payment of valid claims against and up to the fund balance.

7350-001-0096—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Cal-OSHA Targeted Inspection and Consultation Fund..... 18,117,000
Provisions:

- 1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

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7350-001-0132—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Workers’ Compensation Managed Care Fund.....	350,000
7350-001-0216—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Industrial Relations Construction Industry Enforcement Fund.....	53,000
7350-001-0223—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Workers’ Compensation Administration Revolving Fund.....	166,552,000

Provisions:

1. The Director of Finance may authorize a loan from the General Fund to the Workers’ Compensation Administration Revolving Fund, in an amount not to exceed 60 percent of the amount appropriated in this item, provided that:
 - (a) The loan is to meet cash needs resulting from the delay in receipt of employer assessments to support the Workers’ Compensation Administration Revolving Fund, the Subsequent Injuries Benefits Trust Fund, and the Uninsured Employers Benefits Trust Fund.
 - (b) The loan is short term and shall be repaid in two equal installments due on March 31 and June 30 of the fiscal year in which the loan is authorized.
 - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.
2. Notwithstanding any other provision of law, the funds appropriated in this item may be used to pay workers’ compensation benefits for the Subsequent Injuries Program and the Uninsured

Employers Program, if either or both of those funds' reserves are insufficient to make the payments. Any expenditures made pursuant to this provision shall be credited to the Workers' Compensation Administration Revolving Fund upon receipt of sufficient revenues.

7350-001-0368—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Asbestos Consultant Certification Account.....	318,000
7350-001-0369—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Asbestos Training Approval Account.....	114,000
7350-001-0396—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Self-Insurance Plans Fund.....	3,735,000
7350-001-0452—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Elevator Safety Account.....	18,790,000
7350-001-0453—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Pressure Vessel Account.....	4,600,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Government Code Section 13332.18.	
7350-001-0481—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Garment Manufacturers Special Account.....	500,000
Provisions:	
1. Upon approval by the Department of Finance and notification to the chairpersons for the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, the Department of Industrial Relations may augment this item for the payment of valid claims against and up to the fund balance.	
7350-001-0514—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Employment Training Fund.....	3,128,000
Provisions:	
1. Notwithstanding Section 1611 of, and Chapter 3.5 (commencing with Section 10200) of Part 1 of Division 3 of the Unemployment Insurance	

Code, \$3,128,000 from the Employment Training Fund shall be transferred by the State Controller to the Department of Industrial Relations for the support of the Division of Apprenticeship Standards.

7350-001-0571—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Uninsured Employers Fund..... 742,000
Provisions:

- 1. Notwithstanding any other provision of law, the amount available for expenditure in this appropriation may be used for the Underground Economy Enforcement Program.

7350-001-0890—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Federal Trust Fund..... 31,709,000

7350-001-0913—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Industrial Relations Unpaid Wage Fund..... 3,692,000
Provisions:

- 1. Notwithstanding any other provision of law, funds appropriated in this item shall be expended by the Department of Industrial Relations, Division of Labor Standards Enforcement and Division of Occupational Safety and Health, to administer the following: (a) the Targeted Industries Partnership Program to increase enforcement and compliance in the agricultural, garment, and restaurant industries and (b) the Economic and Employment Enforcement Coalition (Underground Economy Enforcement Program).
- 2. It is the intent of the Legislature that the Targeted Industries Partnership Program result in increased enforcement of, and compliance by, the agricultural, garment, and restaurant industries regarding wages, hours, conditions of employment, licensing, registration, child labor laws, and regulations.

7350-001-3002—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Electrician Certification Fund..... 3,068,000

7350-001-3004—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Garment Industry Regulations Fund..... 3,686,000

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7350-001-3022—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Apprenticeship Training Contribution Fund..... 6,823,000

7350-001-3030—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Workers’ Occupational Safety and Health Education Fund..... 1,210,000

7350-001-3031—For support of the Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Workers’ Compensation Return-to-Work Fund..... 500,000

7350-001-3071—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Car Wash Worker Restitution Fund..... 80,000

Provisions:

1. Upon approval by the Department of Finance and notification to the chairpersons for the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, the Department of Industrial Relations may augment this item for the payment of valid claims against and up to the fund balance.

7350-001-3072—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Car Wash Worker Fund..... 186,000

7350-001-8024—For support of Department of Industrial Relations, for payment to Item 7350-001-0001, payable from the Worker Safety Bilingual Investigative Support, Enforcement, and Training Account.... 36,000

Provisions:

1. Notwithstanding any other provision of law, upon approval of the Director of Finance, this item may be augmented if revenues become available.

7350-011-0223—For transfer by the Controller from the Workers’ Compensation Administration Revolving Fund to the Cal-OSHA Targeted Inspection and Consultation Fund..... (13,000,000)

Provisions:

1. Notwithstanding Section 62.5 of the Labor Code or any other provision of law, the Department of Finance may approve a loan from the Workers’ Compensation Administration Revolving Fund (WCARF) to the Cal-OSHA Targeted Inspection and Consultation Fund (TICF) for the

purposes of this item, in an amount not to exceed \$13,000,000 to meet cashflow needs until annual assessments are received. Any loan approved by the Department of Finance pursuant to this provision shall be repaid to the WCARF as soon as possible, but not later than one year from the date of the loan. On and after a date 90 days after the end of that year, TICF shall be charged interest at the rate earned in the Pooled Money Investment Fund, on any portion of the loan that has not been repaid. The department shall, by January 10, 2008, provide the Legislature with (a) a long-term plan to address the growing imbalance between the TICF's revenues and expenditures and (b) a detailed loan repayment schedule.

7350-011-0284—For transfer by the Controller from the Loss Control Certification Fund to the Workers' Occupational Safety and Health Education Fund.... (17,000)

7350-011-0913—For transfer by the Controller, upon order of the Director of Finance, from the Industrial Relations Unpaid Wage Fund to the General Fund.... Provisions: (1,000)

1. Notwithstanding any other provision of law, the State Controller shall transfer to the General Fund the unencumbered balance, less six months of expenditures, as determined by the Director of Finance, in the Industrial Relations Unpaid Wage Fund as of June 30, 2008.
2. The Department of Industrial Relations shall provide an estimate of the transfer amount to the Department of Finance no later than April 15, 2008.

7350-011-3003—For transfer by the Controller from the Permanent Amusement Ride Safety Inspection Fund to the Elevator Safety Account..... (298,000)

7350-490—Reappropriation, Department of Industrial Relations. Up to \$12,393,000 of the balance of the appropriation provided in the following citation is reappropriated for the purposes provided in this item and shall be available for encumbrance or expenditure until June 30, 2008.

0223—Workers' Compensation Administration Revolving Fund

(1) Item 7350-001-0223, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

Provisions:

1. The funds reappropriated in this item from Item 7350-001-0223, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) shall be available for the Electronic Adjudication Management System.

GENERAL GOVERNMENT

8120-001-0268—For support of Commission on Peace Officer Standards and Training, payable from the Peace Officers’ Training Fund..... 15,096,000
Schedule:

- (1) 10-Standards..... 5,438,000
- (2) 20-Training..... 35,290,000
- (3) 30-Peace Officer Training..... 118,000
- (4) 40.01-Administration..... 6,167,000
- (5) 40.02-Distributed Administration.... -6,167,000
- (6) Reimbursements..... -1,259,000
- (7) Amount payable from the Peace Officers’ Training Fund (Item 8120-011-0268)..... -22,935,000
- (8) Amount payable from the Peace Officers’ Training Fund (Item 8120-012-0268)..... -1,556,000

8120-011-0268—For support of Commission on Peace Officer Standards and Training, for payment to Item 8120-001-0268, payable from the Peace Officers’ Training Fund..... 22,935,000

Provisions:

1. Funds appropriated in this item are to be used for contractual services in support of local training programs, pursuant to subdivision (c) of Section 13503 of the Penal Code.
2. Funds may be transferred between this item and Item 8120-101-0268 to meet the needs of local training programs.
3. On or before, January 1, 2009, the Commission on Peace Officer Standards and Training shall submit to the chairpersons and vice chairpersons of the committees in both houses of the Legislature that consider the state budget and to the Legislative Analyst’s Office a report summarizing the findings of local law enforcement agency audits conducted by the Controller on behalf of the commission. The report shall include, but is not limited to, the following: a listing of the local law enforcement agencies that have been audited

during the fiscal year, the amount of training reimbursement funds reimbursed to each local law enforcement agency audited, and a listing of the audit report for each audited local law enforcement agency.

8120-012-0268—For support of Commission on Peace Officer Standards and Training, for payment to Item 8120-001-0268, payable from the Peace Officers’ Training Fund..... 1,556,000
Provisions:

1. Funds appropriated in this item are to be used for contractual services in support of the “Tools for Tolerance” training program for law enforcement personnel operated by the Simon Wiesenthal Center-Museum of Tolerance. Eligibility to receive funds appropriated by this item as reimbursements is limited to law enforcement agencies authorized by law to receive training reimbursements from the Peace Officers’ Training Fund. Both sworn officers and nonsworn personnel who have contact with the public shall, at the discretion of the head of the law enforcement agency seeking reimbursement under this provision, be eligible for reimbursement, provided that the Museum of Tolerance gives priority to training sworn officers.
2. Funds may be transferred between this item and Item 8120-102-0268 to meet the needs of local and state agency training programs.

8120-101-0268—For local assistance, Commission on Peace Officer Standards and Training, Program 30-Peace Officer Training, for allocation to cities, counties, and cities and counties pursuant to Section 13523 of the Penal Code, payable from the Peace Officers’ Training Fund..... 21,382,000
Provisions:

1. Funds may be transferred between this item and Item 8120-011-0268 to meet the needs of local training programs.

8120-102-0268—For local assistance, Commission on Peace Officer Standards and Training, Program 30-Peace Officer Training, payable from the Peace Officers’ Training Fund..... 444,000
Provisions:

1. Funds appropriated in this item are to be used for allocation to cities, counties, and cities and counties for the “Tools for Tolerance” training

program for law enforcement personnel operated by the Simon Wiesenthal Center-Museum of Tolerance. Eligibility to receive funds appropriated by this item as reimbursements is limited to law enforcement agencies authorized by law to receive training reimbursements from the Peace Officers' Training Fund. Both sworn officers and nonsworn personnel who have contact with the public shall, at the discretion of the head of the law enforcement agency seeking reimbursement under this provision, be eligible for reimbursement, provided that the Museum of Tolerance gives priority to training sworn officers.

- 2. To the extent that funding is available from Provision 1, peace officers employed by state law enforcement or correctional agencies shall be eligible to attend this training and receive training reimbursement.
- 3. Funds may be transferred between this item and Item 8120-012-0268 to meet the needs of local and state agency training programs.

8140-001-0001—For support of State Public Defender.... 12,040,000

Schedule:

(1) 10-State Public Defender..... 12,040,000

Provisions:

- 1. Any federal funds received by the Office of the State Public Defender as reimbursements for legal services provided for capital cases shall revert to the unappropriated surplus of the General Fund.

8180-101-0001—For local assistance, payment to local government for costs of homicide trials, for payment by the State Controller..... 2,500,000

Provisions:

- 1. This item is for payment to counties for costs of homicide trials pursuant to Chapter 3 (commencing with Section 15200) of Part 6 of Division 3 of Title 2 of the Government Code, provided that expenditures made under this item shall be charged to the fiscal year in which the warrant is issued by the Controller.
- 2. The Controller shall reimburse counties for reasonable and necessary expenses incurred pursuant to Section 15202 of the Government Code except that reimbursements to a county shall not exceed: (a) for attorney services, an hourly rate

equal to that county’s average hourly cost for public defenders, the hourly rate paid to appointed counsel, or the hourly rate charged state agencies by the Attorney General for attorney services, whichever rate is less, (b) for investigators, an hourly rate equal to that county’s average hourly cost for county-employed investigators or the hourly rate charged state agencies by the Attorney General for investigators, whichever rate is less, and (c) for expert witnesses, the hourly rate that the county generally pays for these services.

- 3. All counties that apply for a grant pursuant to this item shall provide the Controller’s office and the Department of Finance a written summary of any amounts that they received pursuant to this item in a previous fiscal year that were not expended as of June 30, 2008. This summary shall detail the amount of unexpended funds by the fiscal year in which they were received. The summary also shall include a description of the purposes for which the county proposes to use the unexpended funds. Applicant counties shall provide this written summary to the Controller’s office and the Department of Finance no later than June 30, 2008. To ensure compliance with this requirement, the Controller’s office shall notify counties of this requirement when they submit their applications for funding.

8260-001-0001—For support of California Arts Council.....	1,198,000
Schedule:	
(1) 90-California Arts Council.....	3,461,000
(2) Reimbursements.....	-197,000
(3) Amount payable from the Graphic Design License Plate Account (Item 8260-001-0078).....	-979,000
(4) Amount payable from the Federal Trust Fund (Item 8260-001-0890)....	-1,087,000
8260-001-0078—For support of California Arts Council, for payment to Item 8260-001-0001, payable from the Graphic Design License Plate Account.....	979,000
8260-001-0890—For support of California Arts Council, for payment to Item 8260-001-0001, payable from the Federal Trust Fund.....	1,087,000

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8260-101-0078—For local assistance, California Arts Council, payable from the Graphic Design License Plate Account..... 1,825,000

Provisions:

1. The funds appropriated in this item are to be expended for the purposes identified in Chapter 393, Statutes of 2004.

8320-001-0001—For support of Public Employment Relations Board..... 6,234,000

Schedule:

- (1) 11-Public Employment Relations.... 6,246,000
- (2) Reimbursements..... -12,000

8380-001-0001—For support of Department of Personnel Administration..... 13,564,000

Schedule:

- (1) 10-Classification and Compensation..... 8,253,000
- (2) 20-Labor Relations..... 4,207,000
- (3) 25-Legal..... 8,119,000
- (4) 40.01-Administration..... 4,359,000
- (5) 40.02-Distributed Administration.... -4,359,000
- (6) 54-Benefits Administration..... 24,180,000
- (7) Reimbursements..... -17,156,000
- (8) Amount payable from the Flexelect Benefit Fund (Item 8380-001-0821)..... -1,279,000
- (9) Amount payable from the Deferred Compensation Plan Fund (Item 8380-001-0915)..... -12,760,000

Provisions:

1. The Department of Personnel Administration may use funds appropriated in this item to complete comprehensive salary surveys that include private and public employers, geographical data, and total compensation. The department shall provide to the appropriate fiscal and policy committees of each house of the Legislature and the Legislative Analyst, within 30 days of completion, each completed salary survey report.
2. Of the funds appropriated in this item, \$350,000 may be spent by the Department of Personnel Administration to contract with one or more recruitment contractors to locate and develop a pool of prospective health care professionals for various state departments that employ medical, mental health, or dental professionals. It is the intent of the Legislature that these contracts will

be structured on a performance basis with payments tied to the successful hiring of state staff. Should the Director of Finance, upon receiving a recommendation of the Director of the Department of Personnel Administration, determine that it would be in the interests of the state to expand the dollar amount committed to this project, he or she may submit to the Chairperson of the Joint Legislative Budget Committee and the Legislative Analyst a report describing the number of individuals who have been successfully hired to permanent positions in affected departments as a result of the recruitment contractors' work to date and the anticipated benefits (including funds that affected departments would revert to the State Treasury due to decreased overtime and contracted personnel costs) that would result from an expansion of the funds committed to this project. Not less than 30 days after submitting the report described above, the Director of Finance may augment this item by an amount not exceeding \$1,500,000 in order to increase health care personnel recruitment efforts.

8380-001-0821—For support of Department of Personnel Administration, for payment to Item 8380-001-0001, payable from the Flexelect Benefit Fund.....	1,279,000
8380-001-0915—For support of Department of Personnel Administration, for payment to Item 8380-001-0001, payable from the Deferred Compensation Plan Fund.....	12,760,000
8380-004-0001—For support of Department of Personnel Administration, Program 54-Benefits Administration.....	20,908,000
8385-001-0001—For support of California Citizens Compensation Commission, Program 10.....	14,000
8500-001-0152—For support of Board of Chiropractic Examiners, payable from the State Board of Chiropractic Examiners Fund.....	1,519,000
Schedule:	
(1) 10-Board of Chiropractic Examiners.....	1,541,000
(2) Reimbursements.....	-22,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of	

finances and penalties imposed as specified in Section 13332.18 of the Government Code.	
8530-001-0290—For support of Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun, payable from the Board of Pilot Commissioners' Special Fund.....	2,088,000
Schedule:	
(1) 10.01-Support.....	757,000
(2) 10.03-Training.....	1,331,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
8550-001-0191—For support of California Horse Racing Board, payable from the Fair and Exposition Fund....	9,287,000
Schedule:	
(1) 10-California Horse Racing Board.....	10,818,000
(2) Amount payable from the Racetrack Security Account, Special Deposit Fund (Item 8550-001-0942).....	-1,531,000
8550-001-0942—For support of California Horse Racing Board, for payment to Item 8550-001-0191, payable from the Racetrack Security Account, Special Deposit Fund.....	1,531,000
8550-011-0942—Notwithstanding paragraph (1) of subdivision (b) of Section 19641 of the Business and Professions Code, there is hereby transferred to the General Fund the unencumbered balance of the Racetrack Security Account, Special Deposit Fund, as of June 30, 2008.....	(300,000)
8570-001-0001—For support of Department of Food and Agriculture.....	78,388,000
Schedule:	
(1) 11-Agricultural Plant and Animal Health; Pest Prevention; Food Safety Services.....	109,305,000
(2) 21-Marketing, Commodities, and Agricultural Services.....	15,761,000
(3) 31-Assistance to Fairs and County Agricultural Activities.....	3,294,000
(4) 41.01-Executive, Management, and Administrative Services.....	15,579,000
(5) 41.02-Distributed Executive, Management, and Administrative Services.....	-14,376,000

(6) 51-General Agricultural Activities.....	8,392,000
(7) Reimbursements.....	-11,673,000
(8) Amount payable from the Department of Agriculture Account, Department of Agriculture Fund (Item 8570-001-0111).....	-16,802,000
(9) Amount payable from the Fair and Exposition Fund (Item 8570-001-0191).....	-3,837,000
(10) Amount payable from the Harbors and Watercraft Revolving Fund (Item 8570-001-0516).....	-1,338,000
(11) Amount payable from the Agriculture Building Fund (Item 8570-001-0601).....	-1,510,000
(12) Amount payable from the Federal Trust Fund (Item 8570-001-0890).....	-23,438,000
(13) Amount payable from the Antiterrorism Fund (Item 8570-001-3034).....	-493,000
(14) Amount payable from the Satellite Wagering Account (Item 8570-012-0192).....	-476,000

Provisions:

1. Notwithstanding any other provision of law, \$1,500,000 of the amount appropriated in Schedule (1) shall be made available for use by the Department of Food and Agriculture for the Weed Management Area Program.
2. On or before January 10, 2011, the Department of Food and Agriculture shall submit to the Office of the Chief Information Officer and the Joint Legislative Budget Committee, a report identifying the workload levels for positions supporting the information technology projects that are part of the Emerging Threats budget augmentation.

8570-001-0111—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Department of Agriculture Account, Department of Agriculture Fund..... 16,802,000

Provisions:

1. In addition to the amounts appropriated in this item, and notwithstanding any other provision of law, of the funds appropriated pursuant to

subdivision (c) of Section 224 of the Food and Agricultural Code, up to \$2,800,000 shall be made available for use by the Department of Food and Agriculture for emergency detection and eradication activities of agricultural plant or animal pests or diseases. The Director of Finance may authorize an augmentation of up to \$2,800,000 to this item upon request of the Secretary of Food and Agriculture. The Director of Finance shall not authorize any augmentation unless all of the following criteria apply: (a) no other program funds are available to be used to detect or eradicate such pest or disease; (b) the pest or disease is not considered established in California and the pest or disease infests or infects plants or animals of commercial or noncommercial agriculture, ornamental horticulture, or habitat of significance; (c) if not detected and eradicated, the pest or disease poses a significant risk to commercial agricultural production and would pose a threat to the economy of California. An authorization of an augmentation shall become effective no sooner than 30 days after the director files written notification thereof with the Chairperson of the Joint Legislative Budget Committee, or no sooner than any lesser time the chairperson of the joint committee or his or her designee may in each instance determine. Each notification shall include the basis by which the request meets the above criteria. At the end of the 2007–08 fiscal year, any unencumbered balance of these funds appropriated for emergency detection and eradication activities of agricultural plant or animal pests or diseases shall be available for the 2008–09 fiscal year. At the end of the 2008–09 fiscal year, any unencumbered balance of these funds appropriated for emergency detection and eradication activities of agricultural plant or animal pests or diseases shall be available for transfer to local assistance for payment to counties during the 2009–10 fiscal year, as provided in subdivision (c) of Section 224 of the Food and Agricultural Code.

2. Any increases in the amount transferred from the Motor Vehicle Fuel Account Transportation Tax Fund to the Department of Agriculture Ac-

count, Department of Agriculture Fund shall be held in reserve up to the amount needed to fund the activities pursuant to Provision 1.

3. The Secretary of Food and Agriculture shall furnish annual reports on all expenditures from all fund sources for emergency detection and eradication activities relating to agricultural plant or animal pests or diseases as defined by (b) and (c) of the criteria in Provision 1 of this item to the Director of Finance and the Chairperson of the Joint Legislative Budget Committee by January 10 of each year for the preceding fiscal year. The report shall specify the amount expended by fund, the activities performed, the pest or disease, the location where the pest was detected, the location where the eradication efforts were performed, and the animal or plant affected for each emergency detection or eradication.
4. Funds appropriated in this item are in lieu of the appropriation provided by subdivisions (a) and (b) of Section 224 of the Food and Agricultural Code.
5. Notwithstanding any other provision of law, of the funds appropriated pursuant to subdivision (c) of Section 224 of the Food and Agricultural Code, \$179,000 shall be available for use by the Department of Food and Agriculture for the County/State Liaison Director. The Director of Finance may authorize an augmentation of \$179,000 to this item upon request of the Secretary of Food and Agriculture.
6. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.
7. Notwithstanding any other provision of law, \$331,000 of the funds appropriated in this item shall be made available for the implementation of the Global Warming Solutions Act of 2006. Funding made available in this provision to implement the act shall not result in a reduction of funding for county agricultural commissioners.
8. Of the amounts appropriated in this section to implement the Global Warming Solutions Act of 2006, expenditures shall only be used for the development of improved methane capture methods.

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8570-001-0191—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Fair and Exposition Fund..... 3,837,000

8570-001-0516—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Harbors and Watercraft Revolving Fund..... 1,338,000

8570-001-0601—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Agriculture Building Fund..... 1,510,000

Provisions:

1. Funds appropriated in this item are in lieu of the appropriation made by Section 624 of the Food and Agricultural Code.

8570-001-0890—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Federal Trust Fund..... 23,438,000

8570-001-3034—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Antiterrorism Fund..... 493,000

8570-001-3101—For support of Department of Food and Agriculture, payable from the Analytical Laboratory Account, Department of Food and Agriculture Fund..... 500,000

8570-002-0001—For support of Department of Food and Agriculture, for sterile Mediterranean fruit fly release program..... 8,911,000

Schedule:

- (1) 11-Agricultural Plant and Animal Health; Pest Prevention; Food Safety Services..... 8,911,000

8570-003-0001—For support of Department of Food and Agriculture, for rental payments on lease-revenue bonds..... 2,463,000

Schedule:

- (1) Base Rental and Fees..... 2,541,000
- (2) Insurance..... 10,000
- (3) Reimbursements..... -88,000

Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any

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adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

8570-003-0111—For support of Department of Food and Agriculture, for rental payments on lease-revenue bonds, payable from the Department of Agriculture Account, Department of Food and Agriculture Fund..... 40,000

Schedule:

(1) Base Rental..... 40,000

Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

8570-003-0601—For support of Department of Food and Agriculture, for rental payments on lease-revenue bonds, payable from the Agriculture Building Fund..... 338,000

Schedule:

(1) Base Rental..... 348,000

(2) Insurance..... 2,000

(3) Reimbursements..... -12,000

Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

8570-004-0001—For transfer by the Controller to the Pierce’s Disease Management Account..... 4,549,000

Provisions:

1. Of the funds appropriated in this item, \$4,549,000 shall be deposited in the Pierce’s

Disease Management Account in the Department of Food and Agriculture Fund and shall be available for expenditure without regard to fiscal year for the purpose of combating Pierce’s disease and its vectors.

8570-011-0191—For transfer by the Controller from the Fair and Exposition Fund to the General Fund, for health benefits for retired employees of district agricultural associations..... (246,000)

8570-011-0890—For transfer by the Controller from the Federal Trust Fund to the Pierce’s Disease Management Account..... 15,685,000
Provisions:

1. The funds appropriated in this item shall be deposited in the Pierce’s Disease Management Account in the Department of Food and Agriculture Fund and shall be available for expenditure for the purpose of combating Pierce’s disease and its vectors.

8570-011-3021—For transfer by the Controller from the Agricultural Biomass Utilization Account to the General Fund..... (255,000)

8570-012-0192—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Satellite Wagering Account..... 476,000

8570-101-0001—For local assistance, Department of Food and Agriculture..... 9,795,000
Schedule:

- (1) 11-Agricultural Plant and Animal Health; Pest Prevention; Food Safety Services..... 9,795,000
- (2) 31-Assistance to Fairs and County Agricultural Activities..... 950,000
- (3) 51-General Agriculture Activities.... 383,000
- (4) Amount payable from the Fair and Exposition Fund (Item 8570-101-0191)..... -950,000
- (5) Amount payable from the General Fund (Item 8570-111-0001)..... -383,000

Provisions:

1. New and renewed county work plans for imported red fire ant eradication may include subcontracting relationships with private entities if the county board of supervisors determines by resolution that a subcontracting relationship is both effective and cost efficient and the Secretary of Food and Agriculture finds that approval of the

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subcontracting relationship will not compromise program goals, such as consistency, authority, accountability, oversight, efficacy, safety, timeliness, and overall program costs.

2. Funds provided in this item for high-risk pest exclusion shall be expended pursuant to Section 2282.5 of the Food and Agricultural Code.

8570-101-0191—For local assistance, Department of Food and Agriculture, for payment to Item 8570-101-0001, payable from the Fair and Exposition Fund..... 950,000
Provisions:

1. The funds appropriated in this item are for unemployment insurance at local fairs.
2. The funds appropriated in this item are for the contributions, or the cost of benefits in lieu of contributions, payable from the Fair and Exposition Fund to the Unemployment Fund by all entities conducting fairs, including county, district, combined county and district, and citrus fruit fairs receiving funds pursuant to Chapter 4 (commencing with Section 19400) of Division 8 of the Business and Professions Code, as a result of unemployment insurance coverage pursuant to Section 605 of the Unemployment Insurance Code.

8570-102-0001—For local assistance, Department of Food and Agriculture..... 760,000
Provisions:

1. The funds appropriated in this item are to be expended for the purposes identified in Chapter 631 of the Statutes of 2004.

8570-111-0001—For local assistance, Department of Food and Agriculture, for payment to Item 8570-101-0001..... 383,000
Provisions:

1. The funds appropriated in this item are also available for compensation for services performed for agricultural departments and are to be expended in accordance with the provisions of Sections 2221 to 2224, inclusive, of the Food and Agricultural Code.

8570-301-0001—For capital outlay, Department of Food and Agriculture, payable from the General Fund... 2,515,000

Schedule:

(1) 90.31.010-California Animal Health and Food Safety Laboratory: Tulare/Fresno: Laboratory Consolidation and Replacement—Preliminary plans.....	2,515,000	
8570-301-0111—For capital outlay, Department of Food and Agriculture, payable from the Department of Food and Agriculture Fund.....		1,096,000
(1) 90.20.010-Arvin: Facility—Acquisition.....	1,096,000	
<p>8570-401—For support of Department of Food and Agriculture: Notwithstanding any other provision of law, \$2,900,000 of the funds appropriated pursuant to subdivision (c) of Section 224 of the Food and Agricultural Code shall be allocated to counties in a manner prescribed by the Secretary of Food and Agriculture for pest detection/trapping programs. These funds are intended to supplement funds available for pest detection/trapping in Item 8570-101-0001. As a condition of receiving these funds, counties shall not reduce their level of support from any other funds for pest detection/trapping programs. If a county declines to participate in a pest detection/trapping program, or fails to conduct the program to the state’s satisfaction, the secretary shall reduce, by the amount that would otherwise be allocated to the county, funds available pursuant to subdivision (c) of Section 224 and other state allocations from Item 8570-101-0001. These funds are hereby appropriated to the Department of Food and Agriculture Items 8570-001-0001 and 8570-001-0111 for purposes of operating the pest detection/trapping programs in the counties.</p>		
<p>8570-402—For local assistance, Department of Food and Agriculture: The remaining funds available pursuant to subdivision (c) of Section 224 of the Food and Agricultural Code, after allocation in accordance with Item 8570-401 and Provisions 1, 2, and 5 of Item 8570-001-0111, shall be apportioned to the counties as follows: in relation to each county’s expenditures to the total amount expended by all counties for the preceding fiscal year for agricultural programs that are supervised by the department and for pesticide use enforcement programs supervised by the Department of Pesticide Regulation. This item shall not be effective if a later enacted</p>		

statute amends subdivision (c) of Section 224 of the Food and Agricultural Code.

8570-403—For Department of Food and Agriculture: Notwithstanding any other provision of law, 30 days prior to the Department of Food and Agriculture’s entering into interim financing or long-term financing, including bond agreements, pursuant to Article 9 (commencing with Section 19590) of Chapter 4 of Division 8 of the Business and Professions Code, the department shall submit a report to the Chairperson of the Joint Legislative Budget Committee with copies to the Chairpersons of Senate Budget and Fiscal Review Subcommittee No. 2, Assembly Budget Subcommittee No. 3, the Senate Select Committee on Fairs and Rural Issues, the Subcommittee on Fairs and Expositions of the Assembly Committee on Agriculture, and the Department of Finance. The report shall list: (a) proposed individual satellite wagering expansion projects at fairs, (b) costs for constructing, operating, and maintaining individual satellite wagering projects, (c) net revenue projections for individual satellite wagering projects, and (d) projected effect on net Satellite Wagering Account revenue resulting from individual satellite wagering projects and satellite wagering-related projects. Additional notification is not required for financing proposals unless refinancing will result in the expenditure of additional funds, in which case the report shall include the above-requested information relating only to the new debt. Reporting shall be required only for satellite wagering projects that are funded by interim financing or long-term financing, including bond agreements.

8570-495—Reversion, Department of Food and Agriculture. As of June 30, 2007, the unencumbered balances of the appropriations provided for in the following citations shall revert to the funds from which the appropriations were made:

0042—State Highway Account

(1) Item 8570-301-0042, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as reappropriated by Item 8570-490, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)

(1) 90.18.001-Relocation: Yermo Agriculture Inspection Station—Acquisition, preliminary plans, working drawings, and construction

0660—Public Buildings Construction Fund

(1) Item 8570-301-0660, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), as reappropriated by Item 8570-490, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)	
(1) 90.18.001-Relocation: Yermo Agriculture Inspection Station—Construction	
8620-001-0001—For support of Fair Political Practices Commission.....	3,555,000
Schedule:	
(1) 10.10-Local enforcement.....	1,800,000
(2) 10.20-Legal, technical assistance and state enforcement.....	1,755,000
8640-001-0001—For support of Political Reform Act of 1974, the following sums are appropriated to, and in augmentation of, the following agencies and officers for the administration, investigation, and regulation of political campaigns, officials, and lobbyists.....	2,677,000
Schedule:	
(1) 10-Secretary of State.....	790,000
For transfer by the State Controller to Item 0890-001-0001 as follows:	
(1) Personal Services....	(565,000)
(2) Operating expenses and equipment.....	(225,000)
(2) 20-Franchise Tax Board.....	1,679,000
For transfer by the State Controller to Item 1730-001-0001 as follows:	
(3) 30-Political Reform Audit.....	(1,679,000)
(3) 30-Department of Justice.....	216,000
For transfer by the State Controller to Item 0820-001-0001 as follows:	
(7) 40-Criminal Law....	(78,000)
(9) 50-Law Enforcement.....	(138,000)
(4) 40-Fair Political Practices Commission.....	(3,691,000)
(5) Reimbursements.....	-8,000
For transfer by the State Controller to Item 0890-001-0001	
Provisions:	
1. The Controller shall transfer funds as specified above, including any allocations made by the Department of Finance, on January 1, 2008.	

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8660-001-0042—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the State Highway Account, State Transportation Fund.....	3,526,000
8660-001-0046—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Public Transportation Account, State Transportation Fund.....	3,080,500
8660-001-0412—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Transportation Rate Fund.....	2,710,500
8660-001-0461—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Public Utilities Commission Transportation Reimbursement Account.....	10,779,000
8660-001-0462—For support of Public Utilities Commission, payable from the Public Utilities Commission Utilities Reimbursement Account.....	78,018,000
Schedule:	
(1) 10-Regulation of Utilities.....	120,157,000
(2) 15-Universal Service Telephone Programs.....	886,658,000
(3) 20-Regulation of Transportation....	19,596,000
(4) 30.01-Administration.....	26,247,000
(5) 30.02-Distributed Administration.....	-26,247,000
(6) Reimbursements.....	-14,895,000
(6.5) Reimbursement to the Office of Ratepayer Advocates.....	-3,910,000
(7) Amount payable from the State Highway Account, State Transportation Fund (Item 8660-001-0042)....	-3,526,000
(8) Amount payable from the Public Transportation Account, State Transportation Fund (Item 8660-001-0046).....	-3,080,500
(9) Amount payable from the Transportation Rate Fund (Item 8660-001-0412).....	-2,710,500
(10) Amount payable from the Public Utilities Commission Transportation Reimbursement Account (Item 8660-001-0461).....	-10,779,000
(11) Amount payable from California High-Cost Fund-A Administrative Committee Fund (Item 8660-001-0464).....	-66,512,000

(12) Amount payable from California High-Cost Fund-B Administrative Committee Fund (Item 8660-001-0470).....	-436,022,000
(13) Amount payable from Universal Lifeline Telephone Service Trust Administrative Committee Fund (Item 8660-001-0471).....	-289,596,000
(14) Amount payable from Deaf and Disabled Telecommunications Program Administrative Committee Fund (Item 8660-001-0483)....	-68,897,000
(15) Amount payable from Payphone Service Providers Committee Fund (Item 8660-001-0491).....	-500,000
(16) Amount payable from California Teleconnect Fund Administrative Committee Fund (Item 8660-001-0493).....	-25,131,000
(17) Amount payable from the Federal Trust Fund (Item 8660-001-0890).....	-1,202,000
(18) Amount payable from the Public Utilities Commission Ratepayer Advocate Account (Item 8660-001-3089).....	-21,632,000

Provisions:

1. The Public Utilities Commission shall require any public utility requesting a merger to reimburse the commission for those necessary expenses that the commission incurs in its consideration of the proposed merger.
3. Of the funding appropriated in this item or any other item related to the Public Utilities Commission, no funds may be expended for adoption or implementation of market-based compliance mechanisms as those terms are defined in subdivision (k) of Section 38505 of the Health and Safety Code unless the Air Resources Board has complied with Part 4 (commencing with Section 38560) and Part 5 (commencing with Section 38570) of Division 25.5 of the Health and Safety Code, including, but not limited to, the evaluation of those mechanisms under a scoping plan.

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8660-001-0464—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the California High-Cost Fund-A Administrative Committee Fund.....	66,512,000
Provisions:	
1. Of the amount appropriated in this item, up to \$200,000 shall be used by the Public Utilities Commission to fund administrative and staffing costs for the California High-Cost Fund-A Administrative Committee Program.	
8660-001-0470—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the California High-Cost Fund-B Administrative Committee Fund.....	436,022,000
Provisions:	
1. Of the amount appropriated in this item, up to \$1,908,000 shall be used by the Public Utilities Commission to fund administrative and staffing costs for the California High-Cost Fund-B Administrative Committee Program.	
8660-001-0471—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Universal Lifeline Telephone Service Trust Administrative Committee Fund.....	289,596,000
Provisions:	
1. Of the amount appropriated in this item, up to \$3,685,000 shall be used by the Public Utilities Commission to fund administrative and staffing costs for the Universal Lifeline Telephone Service Trust Administrative Committee Program.	
8660-001-0483—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Deaf and Disabled Telecommunications Program Administrative Committee Fund.....	68,897,000
Provisions:	
1. Of the amount appropriated in this item, up to \$587,000 shall be used by the Public Utilities Commission to fund administrative and staffing costs for the Deaf and Disabled Telecommunications Administrative Committee Program.	
8660-001-0491—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Payphone Service Providers Committee Fund.....	500,000

Provisions:

1. Of the amount appropriated in this item, up to \$355,000 shall be used by the Public Utilities Commission to fund administrative and staffing costs for the Payphone Service Providers Committee Program.

8660-001-0493—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the California Teleconnect Fund Administrative Committee Fund..... 25,131,000

Provisions:

1. Of the amount appropriated in this item, up to \$142,000 shall be used by the Public Utilities Commission to fund administrative and staffing costs for the California Teleconnect Fund Administrative Committee Program.
2. Notwithstanding any other provision of law, upon request of the Public Utilities Commission, the Department of Finance may augment the amount available for expenditure in this item to pay claims made to the California Teleconnect Fund Administrative Committee Fund Program. The augmentation may be made no sooner than 30 days after notification in writing of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee. The amount of funds augmented pursuant to the authority of this provision shall be consistent with the amount approved by the Department of Finance based on its review of the amount of claims received by the Public Utilities Commission from telecommunication’s carriers.
3. Notwithstanding any other provision of law, the amount appropriated in this item shall remain available for encumbrance or expenditure until June 30, 2009.

8660-001-0890—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Federal Trust Fund..... 1,202,000

Provisions:

1. Of the amount appropriated in this item, up to \$500,000 may be expended for a critical infrastructure security team only upon receipt of funding from the United States Department of Homeland Security.

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8660-001-3089—For support of the Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Public Utilities Commission Ratepayer Advocate Account.....		21,632,000
8660-003-0412—For support of Public Utilities Commission for rental payments on lease-revenue bonds, payable from the Transportation Rate Fund.....		153,000
Schedule:		
(1) Base Rental.....	151,000	
(2) Insurance.....	2,000	
Provisions:		
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.		
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.		
8660-003-0461—For support of Public Utilities Commission, for rental payments on lease-revenue bonds, payable from the Public Utilities Commission Transportation Reimbursement Account.....		566,000
Schedule:		
(1) Base Rental and Fees.....	557,000	
(2) Insurance.....	9,000	
Provisions:		
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise may be needed to ensure debt requirements are met.		
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.		
8660-003-0462—For support of Public Utilities Commission, for rental payments on lease-revenue bonds, payable from the Public Utilities Commission Utilities Reimbursement Account.....		4,412,000
Schedule:		
(1) Base Rental and Fees.....	4,352,000	

(2) Insurance.....	60,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise may be needed to ensure debt requirements are met.	
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
8660-011-0462—For transfer by the Controller from the Public Utilities Commission Utilities Reimbursement Account to the Public Utilities Commission Ratepayer Advocate Account, as prescribed by subdivision (f) of Section 309.5 of the Public Utilities Code.....	(21,332,000)
Provisions:	
1. The Director of Finance may adjust the amounts transferred by this item pursuant to statewide budget adjustments made pursuant to authorities contained in this act.	
8665-011-9326—For transfer by the Controller from the California Consumer Power and Conservation Financing Authority Fund to the Energy Resources Programs Account.....	(2,541,000)
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the amount of this transfer shall be adjusted to the full amount remaining in the California Consumer Power and Conservation Financing Authority Fund.	
2. The amount transferred by this item shall constitute a full repayment of the loans received by the California Consumer Power and Conservation Financing Authority Fund in Item 3360-013-0382, Budget Act of 2002 and Item 3360-011-0465, Budget Act of 2003.	
8770-001-0462—For support of Electricity Oversight Board, payable from the Public Utilities Commission Utilities Reimbursement Account.....	3,579,000
Schedule:	
(1) 30-Administration.....	4,128,000

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(2) Amount payable from the Energy Resources Programs Account (Item 8770-001-0465).....	-549,000	
8770-001-0465—For support of Electricity Oversight Board, for payment to Item 8770-001-0462, payable from the Energy Resources Programs Account.....		549,000
8780-001-0001—For support of Milton Marks “Little Hoover” Commission on California State Government Organization and Economy.....		1,016,000
Schedule:		
(1) 10-Milton Marks Commission on California State Government Organization and Economy.....	1,018,000	
(2) Reimbursements.....	-2,000	
8820-001-0001—For support of Commission on the Status of Women.....		532,000
Schedule:		
(1) 10-Administration, Legislation, Research, and Information.....	534,000	
(2) Reimbursements.....	-2,000	
8830-001-0001—For support of California Law Revision Commission.....		728,000
Schedule:		
(1) 10-Law Revision Commission.....	743,000	
(2) Reimbursements.....	-15,000	
8840-001-0001—For support of the California Commission on Uniform State Laws.....		149,000
8855-001-0001—For support of Bureau of State Audits, for transfer to the State Audit Fund.....		15,920,000
Schedule:		
(1) 10-State Auditor.....	15,920,000	
8855-490—Reappropriation, Bureau of State Audits. The balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in that appropriation and shall be available for encumbrance or expenditure until June 30, 2008:		
0001—General Fund		
(1) Item 8855-001-0001, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)		
8860-001-0001—For support of Department of Finance.....		34,530,000
Schedule:		
(1) 10-Annual Financial Plan.....	24,668,000	
(2) 15-Statewide Systems Development.....	2,315,000	

(3) 20-Program and Information System Assessments.....	12,401,000
(4) 30-Supportive Data.....	13,067,000
(5) 40.01-Administration.....	6,411,000
(6) 40.02-Distributed Administration....	-6,411,000
(7) Reimbursements.....	-14,540,000
(8) Amount payable from the General Fund (Item 8860-002-0001).....	-2,315,000
(9) Amount payable from Unallocated Special Funds (Item 8860-011-0494).....	-587,000
(10) Amount payable from Unallocated Bond Funds—Select (Item 8860-011-0797).....	-127,000
(11) Amount payable from Other Unallocated Nongovernmental Cost Funds (Item 8860-011-0988).....	-352,000

Provisions:

1. The funds appropriated in this item for CALSTARS shall be transferred by the Controller, upon order of the Director of Finance, or made available by the Department of Finance as a reimbursement, to other items and departments for CALSTARS-related activities by the Department of Finance.
2. The funds appropriated in this act for purposes of CALSTARS-related data-processing costs may be transferred between any items in this act by the Controller upon order of the Director of Finance. Any funds so transferred shall be used only for support of CALSTARS-related data-processing costs incurred.
3. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund to the Department of Finance for the purpose of meeting operational cashflow obligations for the 2007–08 fiscal year. The loan shall not exceed the estimated amount of uncollected reimbursements for the final quarter of the fiscal year.
4. From the funds appropriated in Schedule (3) for the purpose of evaluating and continuing development and enhancement of the Governor’s Budget Presentation System (GBPS), the following provisions apply:
 - (a) From time to time, but no later than December 1, 2007, the Department of Finance shall

update the Legislature on anticipated changes to the GBPS. In addition, the Department of Finance shall (1) no later than the approximate same time the Governor's Budget is formally presented in electronic or any other Web-based form, provide printed and bound hard copies of the Governor's Budget and Governor's Budget Summary as follows: to the Legislative Analyst's Office—45 copies, the Office of the Legislative Counsel—six copies, offices of the Members of the Legislature—120 copies, the Rules Committees of the Assembly and Senate—5 copies each, and the fiscal committees of the Legislature—60 copies, and (2) no later than four weeks after the Governor's Budget is formally presented in electronic or any other Web-based form, 131 printed and bound hard copies of the Governor's Budget and Governor's Budget Summary shall be provided as follows: two copies to the State Library, to ensure that the State Librarian maintains at least one public copy and one for the permanent research collections, and 129 copies: one copy to each depository public library in the state. Additional copies, either bound or unbound, shall be available for purchase by the public based on the cost of producing the documents requested. Whenever the Department of Finance submits to the Legislature changes to the Governor's Budget or to the Budget Bill, these requests shall be provided in hard copy form to the Legislature including the appropriate staff of the fiscal committees and the Legislative Analyst's Office. Whenever the Department of Finance releases a document summarizing changes proposed for the Governor's Budget or to the Budget Bill, the Department of Finance shall provide the summaries in hard copy form to the Legislature including the appropriate staff of the fiscal committees and the Legislative Analyst's Office.

- (b) Notwithstanding any other provision of law, the Department of Finance may amend its existing contract with the Web-development

firm to augment and continue consulting services until June 30, 2008, for the purpose of providing continuity of services.

5. Of the amount appropriated in Schedule (1), \$654,000 is available to support the Public Employee Post-Employment Benefits Commission established pursuant to Executive Order S-25-06. Any unencumbered balance will revert to the General Fund.

8860-002-0001—For support of Department of Finance, for payment to Item 8860-001-0001.....	2,315,000
8860-011-0494—For support of Department of Finance, for payment to Item 8860-001-0001, payable from Other Unallocated Special Funds.....	587,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of the amount appropriated in this item not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
8860-011-0797—For support of Department of Finance, for payment to Item 8860-001-0001, payable from Unallocated Bond Funds—Select.....	127,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of the amount appropriated in this item not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
8860-011-0988—For support of Department of Finance, for payment to Item 8860-001-0001, payable from Various Other Unallocated Nongovernmental Cost Funds.....	352,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of the amount appropriated in this item	

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not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

8885-001-0001—For support of Commission on State Mandates..... 1,715,000

Schedule:

(1) 10-Commission on State Mandates..... 1,715,000

Provisions:

1. In the case where the Commission on State Mandates receives one or more county applications for a finding of significant financial distress pursuant to Section 17000.6 of the Welfare and Institutions Code, notwithstanding the provisions of Section 17000.6 of the Welfare and Institutions Code, the time limit imposed on the commission to reach its preliminary and final decisions shall be tolled until such time as the commission has received an appropriation from the Legislature to carry out its duties as prescribed in Section 17000.6 of the Welfare and Institutions Code.
2. The Commission on State Mandates shall, on or before September 15, 2007, and annually thereafter, submit to the Director of Finance a report identifying the workload levels and any backlog for the staff of the commission.

8885-295-0001—For local assistance for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller for claims for costs incurred in the 2006–07 fiscal year..... 0

Schedule:

- (1) For payment of the following mandate claims for the 2006–07 fiscal year..... 0
 - (a) Crime Victim Rights (Ch. 411, Stats. 1995) (CSM-96-358-01)

- (b) Threats Against Peace Officers (Ch. 1249, Stats. 1992, and Ch. 666, Stats. 1995) (CSM-96-365-02)
- (c) Custody of Minors-Child Abduction and Recovery (Ch. 1399, Stats. 1976; Ch. 162, Stats. 1992; and Ch. 988, Stats. 1996) (CSM-4237)
- (d) Stolen Vehicle Notification (Ch. 337, Stats. 1990) (CSM-4403)
- (e) Absentee Ballots (Ch. 77, Stats. 1978) (CSM-3713)
- (f) Permanent Absent Voters (Ch. 1422, Stats. 1982) (CSM-4358)
- (g) Voter Registration Procedures (Ch. 704, Stats. 1975) (04-LM-04)
- (h) Absentee Ballots-Tabulation by Precinct (Ch. 697, Stats. 1999) (00-TC-08)
- (i) Brendon Maguire Act (Ch. 391, Stats. 1988) (CSM-4357)
- (j) Medi-Cal Beneficiary Death Notices (Chs. 102 and 1163, Stats. 1981) (CSM-4032)
- (k) Pacific Beach Safety (Ch. 961, Stats. 1992) (CSM-4432)
- (l) Perinatal Services (Ch. 1603, Stats. 1990) (CSM-4397)
- (m) AIDS/Search Warrant (Ch. 1088, Stats. 1988) (CSM-4392)
- (n) Mentally Retarded Defendants Representation (Ch. 1253, Stats. 1980) (04-LM-12)
- (o) Judicial Proceedings (Ch. 644, Stats. 1980) (CSM-4366)
- (p) Conservatorship: Developmentally Disabled Adults (Ch. 1304, Stats. 1980) (04-LM-13)
- (q) Developmentally Disabled Attorneys' Services (Ch. 694, Stats. 1975) (04-LM-03)
- (r) Coroners Costs (Ch. 498, Stats. 1977) (04-LM-07)
- (s) Not Guilty by Reason of Insanity (Ch. 1114, Stats. 1979) (CSM-2753)
- (t) Mentally Disordered Offenders' Extended Commitments Proceedings (Ch. 435, Stats. 1991) (98-TC-09)
- (u) Sexually Violent Predators (Chs. 762 and 763, Stats. 1995) (CSM-4509)
- (v) Mentally Disordered Sex Offenders' Reccommitments (Ch. 1036, Stats. 1978) (04-LM-09)

- (w) Domestic Violence Treatment Services (Ch. 183, Stats. 1992) (CSM-96-281-01)
- (x) Police Officer’s Cancer Presumption (Ch. 1171, Stats. 1989) (CSM-4416)
- (y) Firefighter’s Cancer Presumption (Ch. 1568, Stats. 1982) (CSM-4081)
- (z) Domestic Violence Arrest Policies (Ch. 246, Stats. 1995) (CSM-96-362-02)
- (aa) Animal Adoption (Ch. 752, Stats. 1998) (98-TC-11)
- (bb) Unitary Countywide Tax Rates (Ch. 921, Stats. 1987) (CSM-4355 and CSM-4317)
- (cc) Senior Citizens Property Tax Deferral (Ch. 1242, Stats. 1977) (CSM-4359)
- (dd) Allocation of Property Tax Revenues (Ch. 697, Stats. 1992) (CSM-4448)
- (ee) Photographic Record of Evidence (Ch. 875, Stats. 1985) (98-TC-07)
- (ff) Rape Victim Counseling (Ch. 999, Stats. 1991) (CSM-4426)
- (gg) Health Benefits for Survivors of Peace Officers and Firefighters (Ch. 1120, Stats. 1996) (97-TC-25)
- (hh) Postmortem Examinations (Ch. 284, Stats. 2000) (01-TC-18)
- (ii) False Reports of Police Misconduct (Ch. 590, Stats. 1995) (00-TC-26)
- (2) For payment of mandate claims for the 2006–07 fiscal year for the Peace Officers’ Procedural Bill of Rights (Ch. 675, Stats. 1990) (CSM-4499)..... 0
- (3) Pursuant to the provisions of Section 17581 of the Government Code, the mandates identified in the following schedule are specifically identified by the Legislature for suspension during the 2007–08 fiscal year..... 0
 - (a) Grand Jury Proceedings (Ch. 1170, Stats. 1996) (98-TC-27)
 - (b) Sex Crime Confidentiality (Ch. 502, Stats. 1992, Ch. 36, Stats. 1994, 1st Ex. Sess.) (98-TC-21)
 - (c) Deaf Teletype Equipment (Ch. 1032, Stats. 1980) (04-LM-11)

- (d) Sex Offenders: Disclosure by Law Enforcement Officers (Chs. 908 and 909, Stats. 1996) (97-TC-15)
- (e) Missing Persons Report (Ch. 1456, Stats. 1988, and Ch. 59, Stats. 1993) (CSM-4255, CSM-4484, and CSM-4368)
- (f) Handicapped Voter Access Information (Ch. 494, Stats. 1979) (CSM-4363)
- (g) Substandard Housing (Ch. 238, Stats. 1974) (CSM-4303)
- (h) Adult Felony Restitution (Ch. 1123, Stats. 1977) (04-LM-08)
- (i) Very High Fire Hazard Severity Zones (Ch. 1188, Stats. 1992) (97-TC-13)
- (j) Local Coastal Plans (Ch. 1330, Stats. 1976) (CSM-4431)
- (k) SIDS Training for Firefighters (Ch. 1111, Stats. 1989) (CSM-4412)
- (l) SIDS Contacts by Local Health Officers (Ch. 268, Stats. 1991) (CSM-4424)
- (m) SIDS Autopsies (Ch. 955, Stats. 1989) (CSM-4393)
- (n) Inmate AIDS Testing (Ch. 1597, Stats. 1988) (CSM-4369)
- (o) SIDS Notices (Ch. 453, Stats. 1974) (04-LM-01)
- (p) Guardianship/Conservatorship Filings (Ch. 1357, Stats. 1976) (04-LM-15)
- (q) Victims' Statements-Minors (Ch. 332, Stats. 1981) (04-LM-14)
- (r) Extended Commitment, Youth Authority (Ch. 267, Stats. 1998) (98-TC-13)
- (s) Prisoner Parental Rights (Ch. 820, Stats. 1991) (CSM-4427)
- (t) Structural and Wildland Firefighter Safety Clothing and Equipment (8 Cal. Code Regs. 3401 to 3410, incl.) (CSM-4261-4281)
- (u) Personal Alarm Devices (8 Cal. Code Regs. 3401(c)) (CSM-4087)
- (v) Law Enforcement Sexual Harassment Training (Ch. 126, Stats. 1993) (97-TC-07)
- (w) Elder Abuse, Law Enforcement Training (Ch. 444, Stats. 1997) (98-TC-12)
- (x) Redevelopment Agencies Tax Disbursement Reporting (Ch. 39, Stats. 1998) (99-TC-06)
- (y) Mandate Reimbursement Process (Ch. 486, Stats. 1975) (CSM-4204, CSM-4485)

- (z) Filipino Employee Surveys (Ch. 845, Stats. 1978) (CSM-2142)
- (aa) Domestic Violence Information (Ch. 1609, Stats. 1984) (CSM-4222)
- (bb) Pocket Masks (Ch. 1334, Stats. 1987) (CSM-4291)

8885-295-0042—For local assistance, Department of Transportation, payable from the State Highway Account, State Transportation Fund, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller for claims for costs incurred in fiscal years 2002–03 through 2004–05, inclusive.....

8,000

Schedule:

- (1) 98.01.064-Airport Land Use Commission/Plans (Ch. 644, Stats. 1994) (CSM-4507)..... 8,000

Provisions:

1. Allocations of funds provided in this item to the appropriate local entities shall be made by the Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.
2. Pursuant to Section 17581 of the Government Code, mandates identified in the language of this provision are specifically identified by the Legislature for suspension during the 2007–08 fiscal year:
 - (1) Airport Land Use Commission/Plans (Ch. 644, Stats. 1994) (CSM-4507)

8885-295-0044—For local assistance, Department of Motor Vehicles, payable from the Motor Vehicle Account, State Transportation Fund, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller for claims for costs incurred in fiscal years 1997–98 through 2004–05, inclusive..... 10,825,000

Schedule:

(1) 98.00.146.089-Administrative License Suspension, Per Se (Ch. 1460, Stats. 1989) (98-TC-16)..... 10,825,000

Provisions:

1. Allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.

8885-295-0106—For local assistance, Department of Pesticide Regulation, payable from the Department of Pesticide Regulation Fund for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller for claims for costs incurred in fiscal years 2001–02 through 2004–05, inclusive..... 666,000

Schedule:

(1) 98.01.120.089-Pesticide Use Reports (Ch. 1200, Stats. 1989) (CSM-4420)..... 666,000

Provisions:

- 1. Allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.

8885-490—Reappropriation, Commission on State Mandates. The balances specified below of the appropriations provided in the following citations are reappropriated for the purposes specified and shall be available for encumbrance or expenditure until June 30, 2008.

0001—General Fund

- (1) \$41,000,000 in Item 8885-295-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)
 - (a) For payment of claims for costs incurred in the 2004–05 fiscal year.
 - (b) For payment of claims for costs incurred in the 2005–06 fiscal year.
 - (c) For payment of claims for costs incurred in the 2006–07 fiscal year.

Provisions:

- 1. The funds appropriated in this item shall be available for disbursement by the State Controller’s Office for payment of claims for costs incurred after July 1, 2004, including the following mandates:
 - (a) Crime Victim’s Domestic Violence Incident Reports (Ch. 1022, Stats. 1999) (99-TC-08)
 - (b) Peace Officer Personnel Records: Unfounded Complaints and Discovery (Ch. 630, Stats. 1978 and Ch. 741, Stats. 1994) (00-TC-24)
- 2. No payment shall be made for any claims for the Peace Officers’ Procedural Bill of Rights (Ch. 675, Stats. 1990) (CSM-4499).

8910-001-0001—For support of Office of Administrative Law.....	2,933,000
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Schedule:

(1) 10-Regulatory Oversight..... 2,933,000
Provisions:

1. On or before January 10, 2008, the Office of Administrative Law shall report to the appropriate fiscal committees of the Legislature and the Joint Legislative Budget Committee the following information for the 2006–07 fiscal year: (a) the total number of hours the positions assigned to the enforcement of Section 11340.5 of the Government Code were diverted away from underground regulation review to other activities of the Office of Administrative Law; (b) a detailed listing of the activities and rationale for the diversion of the positions assigned to the enforcement of Section 11340.5 of the Government Code; and (c) a listing of the total number of received petitions for investigation of violations of Section 11340.5 of the Government Code, including the reasons for accepting or declining those petitions.

8940-001-0001—For support of Military Department.... 42,590,000

Schedule:

- (1) 10-Army National Guard..... 71,883,446
- (2) 20-Air National Guard..... 21,320,897
- (3) 30.01-Office of the Adjutant General..... 11,755,000
- (4) 30.02-Distributed Office of the Adjutant General..... -11,755,000
- (5) 35-Military Support to Civil Authority..... 14,913,000
- (6) 40-Military Retirement..... 3,438,657
- (7) 50-California Cadet Corps..... 450,000
- (8) 55-California State Military Reserve..... 544,000
- (9) 65-California National Guard Youth Programs..... 17,087,000
- (11) Reimbursements..... -15,610,000
- (12) Amount payable from the Armory Discretionary Improvement Account (Item 8940-001-0485)..... -150,000
- (13) Amount payable from the Federal Trust Fund (Item 8940-001-0890)..... -71,287,000

Provisions:

1. No expenditures shall be made from the funds appropriated in this item as a substitution for

personnel, equipment, facilities, or other assistance, or for any portion thereof, that, in the absence of the expenditure, or of this appropriation, would be available to the Adjutant General of the State Military Forces, the California State Military, or the California State Military Reserve from the federal government.

- 2. The funds appropriated in Schedule (6) shall be for military retirements, in accordance with Sections 228 and 256 of the Military and Veterans Code.
- 3. Of the funds appropriated in this item, \$596,000 shall be used to provide mandatory employee compensation increases for State Active Duty employees, as follows: (a) \$294,000 shall provide the remaining half-year funding needed for the compensation increase effective January 1, 2007; (b) \$302,000 shall provide half-year funding for a compensation increase effective January 1, 2008, and shall only be available for expenditure upon passage of a federal active duty compensation increase in the federal budget. The funds provided in this paragraph shall be expended pursuant to Sections 320 and 321 of the Military and Veterans Code, which requires State Active Duty employees to receive the same compensation increases as their counterparts on federal active duty. Any unspent funds pursuant to this paragraph shall revert to the General Fund.

8940-001-0485—For support of Military Department, for payment to Item 8940-001-0001, payable from the Armory Discretionary Improvement Account....	150,000
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8940-001-0890—For support of Military Department, for payment to Item 8940-001-0001, payable from the Federal Trust Fund.....	71,287,000
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Provisions:

- 1. Of the funds appropriated in this item, \$739,000 shall be used to provide mandatory employee compensation increases for state active duty employees, as follows: (a) \$378,000 shall provide the remaining half-year funding needed for the compensation increase effective January 1, 2007; (b) \$361,000 shall provide half-year funding needed for a compensation increase effective January 1, 2008, and shall only be available for expenditure upon passage of a federal

active duty compensation increase in the federal budget. The funds provided in this paragraph shall be expended pursuant to Sections 320 and 321 of the Military and Veterans Code, which require state active duty employees to receive the same compensation increases as their counterparts on federal active duty.

8940-101-0001—For local assistance, Military Department..... 60,000

Schedule:

(1) 30.01-Office of the Adjutant General..... 60,000

Provisions:

1. Funds appropriated in this item are for benefit payments related to the California National Guard Surviving Spouses and Children Relief Act of 2004 pursuant to Section 850 of the Military and Veterans Code.

8940-101-8022—For local assistance, Military Department, payable from the California Military Family Relief Fund..... 250,000

Schedule:

(1) 30.01-Office of the Adjutant General..... 250,000

Provisions:

1. Funds appropriated in this item are for benefit payments related to the California Military Family Relief Fund pursuant to Article 1.5 (commencing with Section 18705) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code.

8940-301-0001—For capital outlay, Military Department..... 269,000

Schedule:

(0.5) 70.22.015-Consolidated Headquarters Complex: Acquisition..... 100,000

(1) 70.90.004-Minor Projects..... 169,000

Provisions:

1. Funding provided in Schedule (1) will be matched by \$206,000 in federal funds. These federal funds do not flow through the Treasury of the State of California because they are paid by the Department of Defense directly to the United States Army Corps of Engineers for the purpose of management and execution of the project. Thus, the federal contribution to this project will not be reflected in the Budget Act.

2.	Funding provided in Schedule (0.5) is to be used in a manner consistent with the conditions provided in Provision 1 of Item 8940-301-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)	
8940-491	—Reappropriation, Military Department. The balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, in those appropriations:	
	0001—General Fund	
(1)	Item 8940-301-0001, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)	
(3)	70.90.0004-Minor Projects	
8955-001-0001	—For support of Department of Veterans Affairs.....	32,933,000
	Schedule:	
(1)	10-Farm and Home Loans to Veterans.....	8,133,000
(2)	20-Veterans Claims and Rights.....	3,145,000
(3)	30-Care of Sick and Disabled Veterans.....	24,306,000
(4)	50.01-General Administration.....	32,156,000
(5)	50.02-Distributed General Administration.....	-32,156,000
(6)	Reimbursements.....	-434,000
(7)	Amount payable from the Veterans Service Office Fund (Item 8955-001-0083).....	-49,000
(8)	Amount payable from the Veterans Cemetery Perpetual Maintenance Fund (Item 8955-001-0238).....	-47,000
(9)	Amount payable from the Veterans' Farm and Home Building Fund of 1943 (Item 8955-001-0592).....	-1,949,000
(10)	Amount payable from the Federal Trust Fund (Item 8955-001-0890).....	-172,000
	Provisions:	
1.	Of the funds appropriated in this item, \$50,000 shall be used to provide federal benefits eligibility training and outreach materials to veterans service organizations.	
2.	Of the funds appropriated in this item, \$2,000,000 shall be expended only for the replacement of equipment and furnishings directly related to the care of the members at Veterans Homes of California.	

3. The Secretary of Veterans Affairs shall report annually on all expenditures pursuant to Provision 2 to the Director of Finance, the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the respective fiscal committees of each house of the Legislature. The report shall specify the following: (a) the equipment purchased, (b) the amount expended, (c) the vendor from whom it was purchased, (d) the method of purchase, (e) the purpose and use of the equipment, (f) the location of the equipment by Home and Program Unit, and (g) the life expectancy of the equipment. The report shall also include planned expenditures of equipment as specified for the forthcoming five fiscal years.
4. Beginning July 1, 2007, the Department of Veterans Affairs shall undertake necessary activities to consolidate organization codes 8960, 8965, 8966, and 8967 into a single organization code 8955, for implementation in the Budget Act of 2008. The department shall provide quarterly progress reports to the Chairperson of the Joint Legislative Budget Committee. The department shall submit to the Legislature, with its January 2008 budget request, a comprehensive plan to consolidate the various items for the department into a single item of appropriation. The plan shall identify the following: (a) the timeline for implementation, (b) the accounting structure with accounts to be utilized, and (c) the policies and controls the department will implement and operate after the consolidation.
5. The Department of Veterans Affairs shall provide a report to the Legislature by January 1, 2008, on the homeside restraint reduction policy. This report shall: (a) describe the policy, (b) detail the reasons for adopting this patient care policy, (c) demonstrate the impact that the practice has had on the veterans homes, (d) show how the practice is measured, evaluated, reviewed, and reported, (e) identify the number and duration of restraint and seclusion episodes at each veterans home, (f) detail how the veterans homes compare to private facilities across the state and nation in the use of restraints and seclusion, and (g) provide a training plan describ-

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ing the skills in which staff are instructed, the total number of staff trained in “restraint free” practices, and a timeline for training new staff.	
8955-001-0083—For support of Department of Veterans Affairs, for payment to Item 8955-001-0001, payable from the Veterans Service Office Fund.....	49,000
8955-001-0238—For support of Department of Veterans Affairs, for payment to Item 8955-001-0001, payable from the Veterans Cemetery Perpetual Maintenance Fund.....	47,000
8955-001-0592—For support of Department of Veterans Affairs, for payment to Item 8955-001-0001, payable from the Veterans’ Farm and Home Building Fund of 1943.....	1,949,000
8955-001-0701—For support of Department of Veterans Affairs, payable from the Veterans’ Home Fund.....	276,000
8955-001-0890—For support of Department of Veterans Affairs, for payment to Item 8955-001-0001, payable from the Federal Trust Fund.....	172,000
8955-001-8037—For support of Department of Veterans Affairs, Veterans’ Quality of Life Fund.....	110,000
8955-017-0001—For support of Department of Veterans Affairs, for implementation of the Health Insurance Portability and Accountability Act.....	125,000
Schedule:	
(1) 30-Care of Sick and Disabled Veterans.....	125,000
8955-101-0001—For local assistance, Department of Veterans Affairs, for contribution to counties toward compensation and expenses of county veterans services offices, to be expended in accordance with Section 972 and following of the Military and Veterans Code.....	2,600,000
Schedule:	
(1) 20-Veterans Claims and Rights.....	3,438,000
(2) Reimbursements.....	-838,000
8955-101-0083—For local assistance, Department of Veterans Affairs, county veterans services offices, payable from the Veterans Service Office Fund.....	554,000
8960-001-0001—For support of Veterans Home of California—Yountville.....	51,232,000
Schedule:	
(1) 30-Care of Sick and Disabled Veterans.....	89,299,000
(2) Reimbursements.....	-19,421,000

(3) Amount payable from the Federal Trust Fund (Item 8960-001-0890)..... -18,646,000

Provisions:

1. The Director of Finance may authorize a loan from the General Fund, in an amount not to exceed the level of reimbursements appropriated in Schedule (2), to the Veterans Home of California, provided that:
 - (a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for medical services provided.
 - (b) The loan is short term and shall be repaid within six months.
 - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.
2. At the end of the six-month term of the loan, the Department of Finance shall notify the Chairperson of the Joint Legislative Budget Committee whether the Veterans Home of California has repaid the loan made pursuant to subdivision (d) of Provision 1. If the department notifies the Legislature that the Veterans Home of California cannot repay the loan within the six-month loan period, it shall identify a payment schedule for full payment of the loan.
3. Of the funds appropriated in Schedule (1), the amount of \$500,000 is available for special projects that provide a direct benefit to the members of the Veterans Home of California at Yountville, including the maintenance of facilities used by members and the public. The Allied Council at the Veterans Home of California may submit special project requests to the administrator for consideration. After consultation with the

allied council, a budget for expenditure of these funds shall be approved by the administrator, and the Secretary of Veterans Affairs.

- 4. Of the amount appropriated in Schedule (1), up to \$118,000 shall be used to restore the Yountville Veterans Home’s no-cost nonprescription drug benefit to the level provided in the 2004–05 fiscal year. It is the intent of the Legislature that this benefit shall be consistent with that provided at the Chula Vista and Barstow Veterans Homes.

8960-001-0890—For support of Veterans Home of California—Yountville, for payment to Item 8960-001-0001, payable from the Federal Trust Fund.....	18,646,000
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8960-301-0001—For capital outlay, Department of Veterans Affairs, Veterans Home of California—Yountville.....	226,000
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Schedule:

- (1) 80.20.600-Kennedy Hall Parking Lot Expansion—Preliminary plans, working drawings, and construction..... 226,000

8960-301-0890—For capital outlay, Department of Veterans Affairs, Veterans Home of California—Yountville, payable from the Federal Trust Fund.....	13,831,000
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Schedule:

- (1) 80.20.440-Remodel Member Services Building—Construction..... 13,831,000

8965-001-0001—For support of the Veterans Home of California at Barstow.....	12,457,000
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Schedule:

- (1) 30-Care of Sick and Disabled Veterans..... 17,228,000
- (2) Reimbursements..... -1,775,000
- (3) Amount payable from the Federal Trust Fund (Item 8965-001-0890).... -2,996,000

Provisions:

- 1. The Director of Finance may authorize a loan from the General Fund in an amount not to exceed the level of reimbursements appropriated in Schedule (2) to the Veterans Home of California, provided that the following conditions are met:
 - (a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for medical services provided.

- (b) The loan is for a short term, to be repaid within six months.
 - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) Approval by the Director of Finance shall be in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house of the Legislature that considers appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.
2. At the end of the six-month term of the loan, the Department of Finance shall notify the Chairperson of the Joint Legislative Budget Committee whether the Veterans Home of California has repaid the loan made pursuant to subdivision (d) of Provision 1. If the department notifies the Legislature that the Veterans Home of California cannot repay the loan within the six-month loan period, it shall identify a payment schedule for full payment of the loan.

8965-001-0890—For support of the Veterans Home of California at Barstow, for payments to Item 8965-001-0001, payable from the Federal Trust Fund..... 2,996,000

8965-003-0001—For support of the Veterans Home of California at Barstow, for rental payments on lease-revenue bonds..... 1,112,000

Schedule:

- (1) Base Rental and Fees..... 1,210,000
- (2) Insurance..... 1,000
- (3) Reimbursements..... -99,000

Provisions:

- 1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
- 2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

8965-301-0001—For capital outlay, Department of Veterans Affairs, Veterans Home of California—Barstow..... 598,000

Schedule:

(1) 80.40.220-Emergency Generator—Preliminary plans, working drawings, and construction..... 445,000

(2) 80.40.260-Improve Kitchen Cooling System—Preliminary plans, working drawings, and construction..... 153,000

8966-001-0001—For support of the Veterans Home of California—Chula Vista..... 12,806,000

Schedule:

(1) 30-Care of Sick and Disabled Veterans..... 24,373,000

(2) Reimbursements..... -4,870,000

(3) Amount payable from the Federal Trust Fund (Item 8966-001-0890).... -6,697,000

Provisions:

1. The Director of Finance may authorize a loan from the General Fund, in an amount not to exceed the level of reimbursements appropriated in Schedule (2), to the Veterans Home of California, provided that all of the following conditions are satisfied:

(a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for medical services provided.

(b) The loan is short term and shall be repaid within six months.

(c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.

(d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, unless the chairperson of the joint committee or his or her designee permits a lesser time.

2. At the end of the six-month term of the loan, the Department of Finance shall notify the Chairperson of the Joint Legislative Budget Committee

whether the Veterans Home of California has repaid the loan made pursuant to Provision 1. If the department notifies the Legislature that the Veterans Home of California cannot repay the loan within the six-month loan period, it shall identify a payment schedule for full payment of the loan.

8966-001-0890—For support of the Veterans Home of California at Chula Vista, for payment to Item 8966-001-0001, payable from the Federal Trust Fund..... 6,697,000

8966-003-0001—For support of the Veterans Home of California at Chula Vista, for rental payments on lease-revenue bonds..... 1,402,000

Schedule:

- (1) Base Rental and Fees..... 1,389,000
- (2) Insurance..... 13,000

Provisions:

- 1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
- 2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.

8967-001-0001—For support of Veterans Home of California—Greater Los Angeles Ventura County (GLAVC)..... 621,000

Schedule:

- (1) 30-Care of Sick and Disabled Veterans..... 621,000

9100-101-0001—For local assistance, Tax Relief..... 688,853,000

Schedule:

- (1) 10-Senior Citizens' Property Tax Assistance..... 39,134,000
- (2) 20-Senior Citizens' Property Tax Deferral Program..... 17,000,000
- (3) 30-Senior Citizen Renters' Tax Assistance..... 146,630,000
- (4) 50-Homeowners' Property Tax Relief..... 446,965,000
- (5) 60-Subventions for Open Space.... 39,124,000

Provisions:

1. Schedule (2) is for property tax postponement and assistance to claimants in accordance with the Senior Citizens Property Tax Assistance and Postponement Law (Part 10.5 (commencing with Section 20501) of Division 2 of the Revenue and Taxation Code). The appropriation made in that schedule shall be in lieu of the appropriation for the same purpose contained in Section 16100 of the Government Code.
2. Schedule (3) is for property tax assistance to renter claimants in accordance with the Senior Citizens Property Tax Assistance and Postponement Law (Part 10.5 (commencing with Section 20501) of Division 2 of the Revenue and Taxation Code). Any unexpended balance in Schedule (3) may be used to make payments to senior citizen homeowner claimants under Schedule (1).
3. Schedule (4) is for reimbursement to local taxing authorities for revenue lost by reason of the homeowners' property tax exemption granted pursuant to subdivision (k) of Section 3 of Article XIII of the California Constitution. The appropriation made in that schedule shall be in lieu of the appropriation required pursuant to Section 25 of Article XIII of the California Constitution and the appropriation for the same purposes contained in Section 16100 or 16120 of the Government Code.
4. Schedule (5) is for providing reimbursement to local taxing authorities for revenue lost by reason of the assessment of open-space lands under Sections 423, 423.3, 423.4, and 423.5 of the Revenue and Taxation Code, and in accordance with Chapter 3 (commencing with Section 16140) of Part 1 of Division 4 of Title 2 of the Government Code. The appropriation made in that schedule shall be in lieu of the appropriation for the same purpose contained in Section 16100 or 16140 of the Government Code.
5. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for Schedules (1), (2), (3), (4), and (5) in excess of or less than the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the

chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

6. Schedule (1) is for property tax assistance to homeowner claimants in accordance with the Senior Citizens Property Tax Assistance and Postponement Law (Part 10.5 (commencing with Section 20501) of Division 2 of the Revenue and Taxation Code). Any unexpended balance in Schedule (1) may be used to make payments to senior citizen renter claimants under Schedule (3).

9210-101-0001—For local assistance, Local Government Financing..... 238,000,000
Provisions:

1. For allocation by the Controller to local jurisdictions for public safety as determined by the Director of Finance pursuant to Chapter 6.7 (commencing with Section 30061) of Division 3 of Title 3 of the Government Code.
2. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for expenditure until June 30, 2009. These funds shall be used to supplement and not supplant existing services.

9210-103-0001—For local assistance, Local Government Financing..... 2,009,000
Provisions:

1. For disaster relief associated with reimbursement to local taxing authorities for property tax revenue losses, pursuant to Chapters 896 and 897, Statutes of 2006.

9210-105-0001—For local assistance, Local Government Financing..... 35,000,000
Provisions:

1. For reimbursement of actual costs incurred by cities and other entities for payment of booking or processing fees charged pursuant to subdivision (a) of Section 29552 of the Government Code during the 2006–07 fiscal year. Any funds not disbursed shall revert to the General Fund no later than June 30, 2008.
2. No later than December 1, 2007, the Controller shall allocate the funds appropriated in this item

to all eligible cities and other entities, and shall certify to the Director of Finance the actual amount of moneys allocated for the payment of booking and processing fees, as described in Section 29552 of the Government Code. Any city or other entity that applies for funding pursuant to this item shall comply with all requests made by the Controller.

- 3. The Controller shall reduce payments proportionally if the amount appropriated in this item is not sufficient to pay all valid claims in full.

9210-106-0001—For local assistance, Local Government Financing. For assistance to redevelopment agencies, to be allocated by the State Controller.....
Provisions:

800,000

- 1. The appropriation made in this item shall be in lieu of any appropriation required pursuant to Chapter 1.5 (commencing with Section 16110) of Part 1 of Division 4 of Title 2 of the Government Code.
- 2. The Controller shall allocate funds appropriated in this item to redevelopment agencies that have pledged, pursuant to bond instruments and supporting documents, special supplemental subventions as security for payment of the principal and interest on bonds, and have demonstrated that gross tax increment revenues allocated to them in the 2006–07 fiscal year (as reported for inclusion in the Controller’s “Annual Report of Financial Transactions Concerning Community Redevelopment Agencies of California, Fiscal Year 2006–07”), less housing set-aside amounts not available for debt service, and less any reserve requirement deficiency existing as of December 31, 2007, would be insufficient to cover their maximum annual debt service requirements on bonds to which special supplemental subventions have been pledged. The amount allocated to any redevelopment agency shall not exceed the lesser of: (a) the amount that the redevelopment agency would otherwise be entitled to receive pursuant to paragraph (3) of subdivision (c) of Section 16111 of the Government Code, or (b) the amount required by the redevelopment agency to cover its maximum annual debt service requirements on bonds to which special supplemental subventions have been pledged,

plus any reserve requirement deficiency existing as of December 31, 2007, less the amount of gross tax increment revenues allocated to it in the 2006–07 fiscal year, less housing set-aside amounts not available for debt service.

3.5. Notwithstanding any other provision of law, the Director of Finance may authorize an expenditure in excess of the amount appropriated in this item, to the extent necessary to fund all allocations required by Provision 2, not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

4. Notwithstanding Section 2.00, the Controller shall allocate up to 50 percent of the appropriation in this item on or before December 31, 2007, and up to the remaining amount of the appropriation in this item on or before July 31, 2008. Expenditure of the amount to be allocated on July 31, 2008, shall be accounted by the Controller as an expenditure of the 2008–09 fiscal year.

9210-107-0001—For local assistance, Local Government Financing.....

3,500,000

Provisions:

1. The funds appropriated in this item shall be allocated for one-time grants to county assessors if the Department of Finance determines that at least \$30,000,000 in assessments has resulted from the assessment of fractionally owned aircraft fleets.
2. Grants shall be in proportion to the amount of property tax revenue received by each county’s K–14 local educational agencies and community college districts in relation to the amount of property tax received by these entities statewide, as determined by the Department of Finance using available data.

9350-104-6065—Local assistance-shared revenues for support of Local Streets and Road Improvement, Congestion Relief and Traffic Safety Account of 2006, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 600,000,000
Provisions:

- 1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010.

9612-001-0001—For allocation by the Department of Finance to the trustee of the Golden State Tobacco Securitization Corporation, for payment of debt service on the Enhanced Tobacco Settlement Asset-Backed Bonds and operating expenses of the Golden State Tobacco Securitization Corporation in accordance with Section 63049.1 of the Government Code..... 1,000
Provisions:

- 1. Notwithstanding any other provision of law, upon certification by the Golden State Tobacco Securitization Corporation, the Department of Finance may authorize expenditures of up to \$200,000,000 in excess of the amount appropriated in this item for the payment of debt service on the Enhanced Tobacco Settlement Asset-Backed Bonds and the payment of operating expenses of the Golden State Tobacco Securitization Corporation in the event tobacco settlement revenues and certain other available amounts are insufficient to pay the costs of debt service and operating costs for the 12 months following such certification. The Department of Finance shall provide notification in writing to the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee not more than 30 days after such authorization.

9620-001-0001—For payment of interest on General Fund loans, upon order of the Director of Finance, for any General Fund loan..... 20,000,000
Provisions:

- 1. The Director of Finance, the Controller, and the State Treasurer shall satisfy any need of the General Fund for borrowed funds in a manner consistent with the Legislature’s objective of conducting General Fund borrowing in a manner that best meets the state’s interest. The state fis-

cal officers may, among other factors, take into consideration the costs of external versus internal borrowings and potential impact on other borrowings of the state.

2. In the event that interest expenses related to internal borrowing exceed the amount appropriated by this item, there is hereby appropriated any amount necessary to pay the interest. Funds appropriated by this item shall not be expended prior to 30 days after the Department of Finance notifies the Joint Legislative Budget Committee of the amounts necessary or not sooner than such lesser time as the Chairperson of the Joint Legislative Budget Committee may determine.
3. In the event that Revenue Anticipation Warrants are issued, there is hereby appropriated any amount necessary, in excess of the amount appropriated by this item, to pay the expenses incurred by the Controller, Treasurer, Attorney General, and the Department of Finance in providing for the preparation, sale, issuance, advertising, legal services, credit enhancement, liquidity facility, or any other act which, as approved by the Department of Finance, is necessary for such issuance. Funds appropriated by this item shall not be expended prior to 30 days after the Department of Finance notifies the Joint Legislative Budget Committee of the amounts necessary or not sooner than such lesser time as the Chairperson of the Joint Legislative Budget Committee may determine.

9620-002-0001—For payment of interest on General Fund loans, upon order of the Director of Finance, for any General Fund loan repaid in the 2007–08 fiscal year from loans made previously..... 358,000
Provisions:

1. In the event that interest expenses related to internal borrowing exceed the amount appropriated by this item, there is hereby appropriated any amount necessary to pay the interest.
2. The Director of Finance shall notify, in writing, the Chairperson of the Joint Legislative Budget Committee within 30 days of ordering the repayment of any loan included within the provisions of this item.

1894
Item

STATUTES OF 2007

[Ch. 171]
Amount

9625-001-0001—For interest payments to the federal government arising from the federal Cash Management Improvement Act of 1990..... 30,000,000

Provisions:

1. Expenditures from the funds appropriated by this item shall be made by the Controller, subject to the approval of the Department of Finance, and shall be charged to the fiscal year in which the disbursement is issued.
2. In the event that expenditures for interest payments to the federal government arising from the federal Cash Management Improvement Act of 1990 exceed the amount appropriated by this item, the Director of Finance may allocate an additional amount not to exceed \$10,000,000 over the amount appropriated by this item. This allocation shall be made no sooner than 30 days after notification to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the fiscal committees in each house.

9625-001-0042—For interest payments to the federal government arising from the federal Cash Management Improvement Act of 1990, payable from the State Highway Account, State Transportation Fund..... 900,000

Provisions:

1. Provision 1 of Item 9625-001-0001 also applies to this item.
2. In the event that expenditures for interest payments to the federal government arising from the Cash Management Improvement Act of 1990 exceed the amount appropriated by this item, the Director of Finance may allocate an additional amount not to exceed \$1,000,000 over the amount appropriated by this item. This allocation shall be made no sooner than 30 days after notification to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the fiscal committees in each house.

9625-001-0494—For interest payments to the federal government arising from the federal Cash Management Improvement Act of 1990, payable from the appropriate special fund..... 1,000

Provisions:

1. Provision 1 of Item 9625-001-0001 and Provision 2 of Item 9625-001-0042 also apply to this item.

9625-001-0988—For interest payments to the federal government arising from the federal Cash Management Improvement Act of 1990, payable from the appropriate nongovernmental cost fund..... 1,000

Provisions:

1. Provision 1 of Item 9625-001-0001 and Provision 2 of Item 9625-001-0042 also apply to this item.

9650-001-0001—For support of Health and Dental Benefits for Annuitants. For the state’s contribution for the cost of a health benefits plan and dental care premiums, for annuitants and other employees, in accordance with Sections 22820, 22879, 22881, 22883, and 22953 of the Government Code, which cost is not chargeable to any other appropriation..... 1,076,664,000

Schedule:

- (1) Health benefit premiums..... 1,071,068,000
- (2) Dental care premiums..... 68,427,000
- (3) Amount payable from the Public Employees’ Contingency Reserve Fund (Item 9650-001-0950)..... -62,831,000

Provisions:

1. The maximum transfer amounts specified in subdivision (c) of Section 26.00 do not apply to this item.
2. Notwithstanding Section 22844 of the Government Code or any other provision of law, annuitants and their family members who were employed by the California State University, and who become eligible for Part A and Part B of Medicare during the 2007–08 fiscal year, shall not be enrolled in a basic health benefits plan during the 2007–08 fiscal year. If the annuitant or family member is enrolled in Part A and Part B of Medicare, he or she may enroll in a supplement to the Medicare plan. This provision does not apply to employees and family members who are specifically excluded from enrollment in a supplement to the Medicare plan by federal law or regulation.
3. The maximum monthly contribution for an annuitant’s health benefits plan shall be \$439 for a single enrollee, \$823 for an enrollee and one dependent, and \$1,042 for an enrollee and two or more dependents for 2007. The maximum monthly contribution shall be adjusted based on

Section 22871 of the Government Code to reflect the health benefit plan premium rates approved by the California Public Employees' Retirement System's Board of Administration for 2008.

9650-001-0950—For support of the Health and Dental Benefits for Annuitants, for payment to Item 9650-001-0001, payable from the Contingency Reserve Fund..... 62,831,000

Provisions:

1. The maximum transfer amounts specified in subdivision (c) of Section 26.00 do not apply to this item.
2. Notwithstanding Section 22844 of the Government Code or any other provision of law, annuitants and their family members who were employed by the California State University, and who become eligible for Part A and Part B of Medicare during the 2007–08 fiscal year, shall not be enrolled in a basic health benefits plan during the 2007–08 fiscal year. If the annuitant or family member is enrolled in Part A and Part B of Medicare, he or she may enroll in a supplement to the Medicare plan. This provision does not apply to employees and family members who are specifically excluded from enrollment in a supplement to the Medicare plan by federal law or regulation.
3. The maximum monthly contribution for an annuitant's health benefits plan shall be \$439 for a single enrollee, \$823 for an enrollee and one dependent, and \$1,042 for an enrollee and two or more dependents.
4. Notwithstanding any other provision of law, this amount shall be reduced by the Director of Finance if he or she determines that all available funds in the Account for Retiree Drug Subsidy Payments in the Contingency Reserve Fund by the end of the 2007–08 fiscal year will be less than the amount listed in this item after providing within the account for the portion of the expenditures provided for in Provision 2 of Item 1900-001-0950 that will be paid from the account plus an administrative reserve equal to no more than 5 percent of state government and California State University Medicare Drug Subsidy revenues expected to be received as a

result of applications for subsidies related to the 2007 calendar year.

- 5. Funds payable to Item 9650-001-0001 as a result of this item shall be used in lieu of the amounts that otherwise would have been paid by the General Fund for health and dental benefits for annuitants in order to reduce state government's General Fund contributions toward health benefits for annuitants, including prescription drug benefits for annuitants, consistent with Section 22910.5 of the Government Code.

9650-495—Reversion, Health and Dental Benefits for Annuitants. As of June 30, 2007, the unencumbered balance of the appropriation in Item 9650-001-0001, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005), shall revert to the fund balance from which the appropriation was made.

9670-001-0001—For equity claims before the California Victim Compensation and Government Claims Board and for settlements and judgments in cases in which the state is represented by the Department of Justice for the administration and payment of tort liability claims, settlements, compromises, and judgments against the state, its officers, servants and employees of state agencies, departments, boards, bureaus, or commissions supported from the General Fund, for expenditure by the Department of Justice, subject to approval of the Department of Finance in its discretion.....

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Provisions:

- 1. There is hereby appropriated from each fund, other than the General Fund, an amount sufficient for payment of tort liability claims, settlements, compromises, and judgments against the state, its officers, servants and employees of state agencies, departments, boards, bureaus, or commissions arising from activities supported from that fund. No expenditure from any appropriation from a fund other than the General Fund for payment of tort liability claims, settlements, compromises, and judgments shall be made unless approved by the Department of Finance in its discretion.
- 2. Expenditures made under this item shall be charged to the fiscal year in which the warrant is issued by the Controller.

- 3. Payment under this item is limited in amount to claims, settlements, compromises, and judgments which do not exceed \$70,000, exclusive of interest, and no payment from this item exceeding that amount shall be approved by the Department of Finance or made by the Department of Justice.
- 4. No payment shall be approved by the Department of Finance or made by the Department of Justice from this item except in full and final satisfaction of the claim, settlement, compromise, or judgment upon which the payment is based.
- 5. Funding for the payment of tort liability claims, settlements, compromises, and judgments which require the approval of the Director of Finance shall first be considered from within the affected agency's, department's, board's, bureau's, or commission's existing budgeted resources. Payment pursuant to this item (from funds other than the General Fund) shall be made only after the affected agency, department, board, bureau, or commission has demonstrated to the Department of Finance that insufficient funds are available for payment of all or a portion of the claim.

9670-401—For maintenance of accounting records by the State Controller's office or any other agency maintaining these records, appropriations made in this act for Organization Code 9670 (Equity Claims of California Victim Compensation and Government Claims Board and Settlements and Judgments by Department of Justice) are to be recorded under Organization Code 9671 (Equity Claims of California Victim Compensation and Government Claims Board) and Organization Code 9672 (Settlements and Judgments by Department of Justice).

9800-001-0001—For Augmentation for Employee Compensation..... 525,262,000
Provisions:

- 1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.
- 2. The funds appropriated in this item are for compensation increases and increases in benefits related thereto of employees whose compensa-

tion, or portion thereof, is chargeable to the General Fund, to be allocated by executive order by the Department of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Personnel Administration.

3. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis beginning with consideration of the 2008–09 Budget Act. Therefore, the Legislature declares its intent to reject any proposed augmentations that are not included in Item 9800 in the 2008–09 Budget Act, given that this is the item where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining, are considered. This provision shall not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide increased employee compensation levels, that are included in bills separate from the Budget Act.

9800-001-0494—For Augmentation for Employee Compensation, payable from other unallocated special funds..... 315,802,000

Provisions:

1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.
2. The funds appropriated in this item are for compensation increases and increases in benefits related thereto of employees whose compensa-

tion, or portion thereof, is chargeable to special funds, to be allocated by executive order by the Department of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Personnel Administration.

3. Notwithstanding any other provision of law, upon approval of the Department of Finance, expenditure authority may be transferred between Items 9800-001-0494 and 9800-001-0988 as necessary to fund costs for approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Personnel Administration.
4. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis beginning with consideration of the 2008–09 Budget Act. Therefore, the Legislature declares its intent to reject any proposed augmentations that are not included in Item 9800 in the 2008–09 Budget Act, given that this is the item where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining, are considered. This provision shall not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide increased employee compensation levels, that are included in bills separate from the budget act.

9800-001-0988—For Augmentation for Employee Compensation, payable from other unallocated nongovernmental cost funds..... 169,384,000

Provisions:

1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.
2. The funds appropriated in this item are for employee compensation increases, and increases in benefits related thereto, whose compensation or portion thereof is chargeable to nongovernmental cost funds, to be allocated by executive order by the Department of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Personnel Administration.
3. Notwithstanding any other provision of law, upon approval of the Department of Finance, expenditure authority may be transferred between Items 9800-001-0494 and 9800-001-0988 as necessary to fund costs for approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Personnel Administration.
4. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis beginning with consideration of the 2008–09 Budget Act. Therefore, the Legislature declares its intent to reject any proposed augmentations that are not included in Item 9800 in the 2008–09 Budget Act, given that this is the item where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining,

are considered. This provision shall not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide increased employee compensation levels, that are included in bills separate from the budget act.

9840-001-0001—For Augmentation for Contingencies or Emergencies..... 49,000,000
Provisions:

1. Subject to the conditions set forth in this item, amounts appropriated by this item shall be transferred, upon approval by the Director of Finance, to augment any other General Fund item of appropriation that is made under this act to an agency, department, board, commission, or other state entity. Such a transfer may be made to fund unanticipated expenses to be incurred for the 2007–08 fiscal year under an existing program that is funded by that item of appropriation, but only in a case of actual necessity as determined by the Director of Finance. For purposes of this item, an “existing program” is one that is authorized by law.
2. The Director of Finance may not approve a transfer under this item, nor may any funds appropriated in augmentation of this item be allocated, to fund any of the following: (a) capital outlay, (b) any expense attributable to a prior fiscal year, (c) any expense related to legislation enacted without an appropriation, (d) startup costs of programs not yet authorized by the Legislature, (e) costs that the administration had knowledge of in time to include in the May Revision, or (f) costs that the administration has the discretion to incur or not incur.
3. A transfer of funds approved by the Director of Finance under this item shall become effective no sooner than 30 days after the director files written notification thereof with the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the Senate and Assembly fiscal committees, or no sooner than any lesser time the chairperson of the joint committee or his or her designee may in each instance deter-

- mine, except for an approval for an emergency expense as defined in Provision 5.
4. Each notification shall include all of the following: (a) the date the recipient state entity reported to the Department of Finance the need to increase its appropriation, (b) the reason for the expense, (c) the transfer amount approved by the Director of Finance, and (d) the basis of the director's determination that the expense is actually needed. Each notification shall also include a determination by the director as to whether the expense was considered in a legislative budget committee and formal action was taken not to approve the expense for the 2007–08 fiscal year. Any increase in a department's appropriation to fund unanticipated expenses shall be approved by the Director of Finance.
 5. The Director of Finance may approve a transfer under this item for an emergency expense only if the approval is set forth in a written notification that is filed with the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the Senate and Assembly fiscal committees, no later than 10 days after the effective date of the approval. Each notification for an emergency expense shall state the reason for the expense, the transfer amount approved by the director, and the basis of the director's determination that the expense is an emergency expense. For the purposes of this item, "emergency expense" means an expense incurred in response to conditions of disaster or extreme peril that threaten the immediate health or safety of persons or property in this state.
 6. Within 15 days of receipt, the Department of Finance shall provide, to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the Senate and Assembly fiscal committees, copies of all requests, including any supporting documentation, from any agency, department, board, commission, or other state entity for a transfer under this item. The submission to the Legislature of a copy of such a request does not constitute approval of the request by the Director of Finance. Within 15 days of receipt, the director shall also provide copies to these chairpersons of all other requests received

by the Department of Finance from any state agency, department, board, commission, or other state entity to fund a contingency or emergency through a supplemental appropriations bill augmenting this item.

- 7. For any transfer of funds pursuant to this item, the augmentation of a General Fund item of appropriation shall not exceed the following during any fiscal year:
 - (a) 30 percent of the amount scheduled on that line for those appropriations made by this act that are \$4,000,000 or less.
 - (b) 20 percent of the amount scheduled on that line for those appropriations made by this act that are more than \$4,000,000.
- 8. The Director of Finance may withhold authorization for the expenditure of funds transferred pursuant to this item until such time as, and to the extent that, preliminary estimates of potential unanticipated expenses are verified.
- 9. The Director of Finance shall submit any requests for supplemental appropriations in augmentation of this item to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house of the Legislature. Requests shall include the information and determinations required by Provision 4 excluding subdivision (c), and a determination that requests meet the requirements of Provision 2.

9840-001-0494—For Augmentation for Contingencies or Emergencies, payable from unallocated special funds.....	15,000,000
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Provisions:

- 1. Provisions 1, 2, 3, 4, 5, 6, 7, 8, and 9 of Item 9840-001-0001 also apply to this item, except references to General Fund appropriations shall instead refer to special fund appropriations.
- 2. For the Augmentation for Contingencies or Emergencies, payable from special funds, there are appropriated from each special fund sums necessary to meet contingencies or emergencies, to be expended only upon written authorization of the Director of Finance.

9840-001-0988—For Augmentation for Contingencies or Emergencies, payable from unallocated nongovernmental cost funds.....	15,000,000
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Provisions:

1. Provisions 1, 2, 3, 4, 5, 6, 7, 8, and 9 of Item 9840-001-0001 also apply to this item, except references to General Fund appropriations shall instead refer to nongovernmental cost fund appropriations.
2. For Augmentation for Contingencies or Emergencies, payable from nongovernmental cost funds, there are appropriated from each nongovernmental cost fund that is subject to control or limited by this act, sums necessary to meet contingencies or emergencies, to be expended only upon written authorization of the Director of Finance.

9850-011-0001—For Augmentation for Contingencies or Emergencies (Loans)..... (2,500,000)

Provisions:

1. This appropriation is for loans that may be made to state agencies which derive their support from the General Fund or from sources other than the General Fund, upon terms and conditions for repayment as may be prescribed by the Department of Finance. Any sum so loaned shall, if ordered by the Department of Finance, be transferred by the State Controller to the fund from which the support of the agency is derived.
2. No loan shall be made which requires repayment from a future legislative appropriation.
3. Authorizations for loans shall become effective no sooner than 30 days after notification in writing to the Joint Legislative Budget Committee, or no sooner than a lesser time which the committee, or its designee, may in each instance determine, except that this limit shall not apply if the Director of Finance states in writing to the Chairperson of the Joint Legislative Budget Committee the necessity and urgency for the loan which, in the judgment of the director, makes prior approval impractical.
4. Within 10 days after approval, the Director of Finance shall file with the Joint Legislative Budget Committee copies of all executive orders for loans stating the reasons for, and the amount of, all of these authorizations.

9860-301-0001—For capital outlay, planning and studies funding (10.10.010)..... 1,000,000

Provisions:

1. The funds appropriated in this item are to be allocated by the Department of Finance to state agencies to develop design and cost information for new projects for which funds have not been appropriated previously, but which are anticipated to be included in the 2008–09 or 2009–10 Governor’s Budget or 2008–09 five-year capital outlay plans. The amount appropriated in this item shall not be construed as a commitment by the Legislature as to the amount of capital outlay funds it will appropriate in any future fiscal year.

GENERAL SECTIONS
STATEWIDE

SEC. 3.00. Whenever herein an appropriation is made for support, it shall include salaries and all other proper expenses, including repairs and equipment, incurred in connection with the institution, department, board, bureau, commission, officer, employee, or other agency for which the appropriation is made.

Each item appropriating funds for salaries and wages includes the additional funds necessary to continue the payment of the amount of salaries in effect on June 30, 2007, for the state officers whose salaries are specified by statute.

Whenever herein an appropriation is made for capital outlay, it shall include acquisition of land or other real property, major construction, improvements, equipment, designs, working plans, specifications, repairs, and equipment necessary in connection with a construction or improvement project.

Whenever herein any item of appropriation contains provisions for acquisition of land or other real property, it shall include all necessary expenses in connection with the acquisition of the property.

Whenever herein an appropriation is made in accordance with a schedule set forth after the appropriation, the expenditures from that item for each category, program, or project included in the schedule shall be limited to the amount specified for that category, program, or project, except as otherwise provided in this act. Each schedule is a restriction or limitation upon the expenditure of the respective appropriation made by this act, does not itself appropriate any money, and is not itself an item of appropriation.

As used in this act in reference to the schedules “category,” “program,” or “project” means a class of expenditure such as, but not limited to:

(a) “Personal services,” which shall include all expenditures for payment of officers and employees of the state, including: salaries and wages, workers’ compensation, compensation paid to employees on approved

leave of absence on account of sickness, unemployment compensation benefits, insurance premiums for workers' compensation coverage, industrial disability leave and payments, nonindustrial disability benefits and payments, the state's contributions to the Public Employees' Retirement Fund, the State Teachers' Retirement Fund, the University of California Retirement Fund to provide for that portion of retirement costs to be provided for Hastings College of the Law in Item 6600-001-0001 of Section 2.00, the Old Age and Survivors' Insurance Revolving Fund, the Public Employees' Contingency Reserve Fund, and the state's cost of health benefits plans; but shall not include compensation of independent contractors rendering personal services to the state under contract.

(b) "Operating expenses and equipment," which shall include all expenditures for purchase of materials, supplies, equipment, services (other than services of state officers and employees), departmental services (services provided by other organizational units within a department, including indirect distributed costs), and all other proper expenses.

(c) "Preliminary plans" are defined as a site plan, architectural floor plans, elevations, outline specifications, and a cost estimate. For each utility, site development, conversion and remodeling project, the drawings shall be sufficiently descriptive to accurately convey the location, scope, cost, and the nature of the improvement being proposed.

(d) "Working drawings" are defined as a complete set of plans and specifications showing and describing all phases of a project, architectural, structural, mechanical, electrical, civil engineering, and landscaping systems to the degree necessary for the purposes of accurate bidding by contractors and for the use of artisans in constructing the project. All necessary professional fees and administrative service costs are included in the preparation of these drawings.

(e) "Construction," when used in connection with a capital outlay project, shall include all such related things as fixtures, installed equipment, auxiliary facilities, contingencies, project construction, management, administration, and associated costs.

(f) "Minor projects" include planning, working drawings, construction, improvements, and equipment projects not specifically set forth in the schedule.

(g) "Programs" include all expenditures, regardless of category, required to carry out the objectives of the named activity.

For the purpose of further interpreting the meaning of the words, terms and phrases, and uniform codes used in the schedules, reference is hereby made to those documents entitled, "State of California Governor's Budget for 2007-08," submitted by the Governor to the Legislature at the 2007 portion of the 2007-08 Regular Session, the uniform accounting system prescribed by the Department of Finance under the provisions of Section 13300 and following of the Government Code, the Uniform Codes Manual, and the appropriate portions thereof. The Department of Finance shall establish interpretations necessary to carry out the provisions of this

section and shall furnish the same to the Controller and to every state agency to which appropriations are made under this act.

SEC. 3.50. Whenever an appropriation is made in this act for support or other expenses for an institution, department, board, bureau, commission, officer, employee, or other agency, the following shall be charged to the appropriation from which salaries and wages are paid: workers' compensation, compensation paid to employees on approved leave of absence on account of sickness, unemployment compensation benefits, industrial disability leave and payments, nonindustrial disability benefits and payments, the administrative costs of the Merit Award Program provided by Section 19823 of the Government Code, the state's contribution to the Public Employees' Retirement Fund as provided by Sections 20822 and 20824 of the Government Code, the state's contribution to the Teachers' Retirement Fund as provided by Sections 22950, 22951, and 23000 of the Education Code, the state's contribution to the Old Age and Survivors' Insurance Revolving Fund as provided by Sections 20862 and 20863 of the Government Code, the state's contribution to the Old Age and Survivors' Insurance Revolving Fund for payment of hospital insurance taxes imposed by the Internal Revenue Code, the state's contribution to the Public Employees' Contingency Reserve Fund, the state's contribution for the cost of health benefits plans as provided by Sections 22871 and 22881, and subdivision (b) of Section 22883, of the Government Code, and the state's contribution for costs of other employee benefits and the administrative costs associated with the provision of benefits established by any state agency legally authorized to negotiate and set salary and benefit levels.

As of the effective date of this act, the state's contributions as provided by Sections 22871 and 22881, and subdivision (b) of Section 22883, of the Government Code and for costs of any other employee benefits and the administrative costs associated with the provisions of these benefits established by any state agency legally authorized to negotiate and set salary and benefit levels for any month shall be charged to the same appropriations used for payment of salaries and wages from which the employee premium contributions for such month are deducted.

The appropriations made by Sections 20822, 20824, 22871, and 22881, and subdivision (b) of Section 22883, of the Government Code and by Sections 22950, 22951, and 23000 of the Education Code shall continue to be available for expenditure and shall be charged for any expenditure that is not chargeable to an appropriation for support or other expenses as provided in this section. This transfer may be chargeable to such appropriation for a previous fiscal year if there are no funds available from that fiscal year.

The Controller may transfer to the State Payroll Revolving Fund the contributions required by Sections 20822, 20824, 22871, and 22881, and subdivision (b) of Section 22883, of the Government Code, contributions required for payment of the hospital insurance tax, and upon certification by the Board of Administration of the Public Employees' Retirement

System as required by Section 20826 of the Government Code, may transfer from the State Payroll Revolving Fund to the Public Employees' Retirement Fund and the Old Age and Survivors' Insurance Revolving Fund the amounts of contributions.

SEC. 3.60. (a) Notwithstanding any other provision of law, the employers' retirement contributions for the 2007–08 fiscal year that are chargeable to an appropriation made in this act, with respect to each state officer and employee who is a member of the California Public Employees' Retirement System (CalPERS) and who is in that employment or office, including university members as provided by Section 20751 of the Government Code, shall be the percentage of salaries and wages by state member category, as follows:

Miscellaneous, First Tier.....	16.633%
Miscellaneous, Second Tier.....	16.565%
State Industrial.....	17.345%
State Safety.....	18.835%
Highway Patrol.....	32.212%
Peace Officer/Firefighter.....	25.552%

The Director of Finance may adjust amounts in any appropriation item, or in any category thereof, in this act as a result of changes from amounts budgeted for employer contribution for 2007–08 fiscal year retirement benefits to achieve the percentages specified in this subdivision.

(b) Notwithstanding any other provision of law, the Director of Finance shall require retirement contributions computed pursuant to subdivision (a) to be offset by the Controller with surplus funds in the Public Employees' Retirement Fund, employer surplus asset accounts.

(c) Notwithstanding any other provision of law, for purposes of calculating the “appropriations subject to limitation” as defined in Section 8 of Article XIII B of the California Constitution, the appropriations in this act shall be deemed to be the amounts remaining after the adjustments required by subdivisions (a) and (b) are made.

SEC. 4.01. (a) Notwithstanding any other provision of law, the Director of Finance shall reduce items of appropriation in this act to reflect savings achieved pursuant to the Alternate Retirement Program (Chapter 214 of the Statutes of 2004). These reductions shall not apply to the University of California, California State University, the Legislature, or the judicial branch.

(b) Notwithstanding any other provision of law, the Director of Finance shall reduce items of appropriation in this act to reflect savings achieved through reforms in employee compensation, subject to memoranda of understanding negotiated with collective bargaining units and ratified by the Legislature. These reductions shall apply to all agencies and departments whose employees are subject to collective bargaining agreements negotiated by the Department of Personnel Administration

or are excluded employees as defined in Section 3527 of the Government Code.

(c) The Director of Finance shall report to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations not more than 30 days after the reductions are made pursuant to this section. The report shall list reductions by department and agency.

(d) Nothing within this section shall be interpreted to confer any authority upon the Director of Finance to modify or eliminate any other provision of existing law.

SEC. 4.04. Notwithstanding any other provision of law, no General Fund baseline price increase adjustment shall be provided to any state entity in the 2007–08 Budget. Upon enactment of the 2007–08 Budget, the Director of Finance shall reduce General Fund appropriations in the 2007–08 fiscal year consistent with the direction provided above. This section does not apply to the Legislature, constitutional officers, and the judiciary.

SEC. 4.05. (a) The Director of Finance, in consultation with agency secretaries and other cabinet members, shall reduce General Fund appropriations in the 2007–08 fiscal year by a total of \$60,297,000 on a one-time basis. Each agency secretary shall recommend to the Director of Finance amounts to be reduced from the appropriations to departments within the agency. The Director of Finance may provide the agency secretaries with target reduction amounts, in which case the agency secretaries shall provide the Director of Finance with a list of recommended reductions that is no less than the target amount for that agency. For departments not reporting to an agency secretary, the Director of Finance shall determine the amount of the reductions.

(b) The Director of Finance shall not reduce, pursuant to subdivision (a), the amounts appropriated for the following: higher education; the judicial branch; the Legislature; the Legislative Counsel Bureau; constitutional officers; debt service, including, but not limited to, tobacco settlement revenue shortfall, payment of interest on General Fund loans, and interest payments to the federal government; health and dental benefits for annuitants; equity claims before the California Victim Compensation and Government Claims Board; or augmentations for contingencies or emergencies, unless the savings identified would not negatively impact program needs as provided for in this act or current law, and provided that the affected entity or the state official responsible for that expenditure concurs with the reduction.

(c) General Fund savings from appropriations other than those in the 2007–08 fiscal year may be credited towards the overall savings in subdivision (a). Savings from funds other than the General Fund that would otherwise revert to the General Fund in the 2007–08 fiscal year may also be credited towards the total savings specified in subdivision (a).

(d) Nothing within this section shall be construed to confer any authority upon the Director of Finance to modify or eliminate any other provision of existing law.

(e) Not later than February 15, 2008, the Director of Finance shall report to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations the amount of reductions made in each item of appropriation pursuant to this section. The report shall include the following: each specific reduction by department, agency, and program; whether the reduction is one time or ongoing; a description of programmatic effects; the number and description of positions affected; and any other description necessary to fully disclose the reduction's impact.

(f) A state operations appropriation, and a program, project, or function designated in any line of any schedule set forth by that appropriation, may not be reduced pursuant to subdivision (a) by more than 20 percent. A local assistance appropriation, and a program, project, or function designated in any line of any schedule set forth by that appropriation, may not be reduced pursuant to subdivision (a) by more than 5 percent.

SEC. 4.11. All new positions approved in this act shall be established effective July 1, 2007, unless otherwise approved by the Department of Finance. Before the end of each month, the Controller's office shall provide to the Department of Finance a listing of each new position approved by this act that will be abolished pursuant to Section 12439 of the Government Code as a result of the position being vacant for 12 consecutive pay periods at the end of the immediately preceding month. The report provided by the Controller's office shall include the department, division, position classification, position number, and the date the position was established.

SEC. 4.20. Notwithstanding any other provision of law, the employer's contributions to the Public Employees' Contingency Reserve Fund, as required by Section 22885 of the Government Code, shall be 0.290 percent of the gross health insurance premiums paid by the employer and employee for administrative expenses. The Director of Finance may, not sooner than 30 days after notification to the Joint Legislative Budget Committee, adjust the rate to ensure a three-month reserve in the Public Employees' Contingency Reserve Fund.

SEC. 4.30. (a) Notwithstanding any other provision of law, the Director of Finance may adjust amounts in appropriation items for rental payments on lease-purchase and lease-revenue bonds, or in any category thereof including fees, insurance, and reimbursements in this act as a result of changes from amounts budgeted for the costs for the 2007-08 fiscal year.

(b) Notwithstanding any other provision of law, the allocation may be made from funds appropriated for this purpose or from any other funds legally available for this purpose.

(c) Within 30 days of making any adjustment pursuant to this section, the Department of Finance shall report the adjustment in writing to the Joint Legislative Budget Committee.

SEC. 4.80. In the event bonds authorized for issuance by the State Public Works Board are not sold and interim financing costs have been incurred, departments that have incurred those costs shall commit a sufficient portion of their support appropriations to repay the interim financing costs.

SEC. 4.85. The Controller shall transfer to the General Fund the amount remaining in the State Public Works Board, 1993A and the 1998B Energy Efficiency Bonds, Public Building Construction Fund.

SEC. 4.90. Notwithstanding any other provision of law, the Department of Finance may transfer any funds previously transferred from the General Fund to the Architecture Revolving Fund back to the General Fund.

SEC. 4.95. Notwithstanding any other provision of law, the Department of Finance may transfer any funds previously transferred from the General Fund to the Inmate Construction Revolving Account back to the General Fund.

SEC. 5.25. (a) Payment of the attorney's fees specified in paragraphs (1) and (2) arising from actions in state courts against the state, its officers, and officers and employees of state agencies, departments, boards, bureaus, or commissions, shall be paid from items of appropriation in this act that support the state operations of the affected agency, department, board, bureau, or commission:

(1) State court actions filed pursuant to Section 1021.5 of the Code of Civil Procedure, the "private attorney general" doctrine, or the "substantial benefit" doctrine.

(2) Writ of mandate actions filed pursuant to Section 10962 of the Welfare and Institutions Code.

(b) Expenditures pursuant to subdivision (a) shall be made by the Controller, subject to the approval of the Director of Finance, and shall be charged to the fiscal year in which the disbursement is issued.

(c) A payment shall not be made by the Controller for expenditures pursuant to subdivision (a) except in full and final satisfaction of the claim, settlement, compromise, or judgment for attorney's fees incurred in connection with a single action.

(d) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, the Chairperson of the Senate Committee on Budget and Fiscal Review, and the Chairperson of the Assembly Committee on Budget pursuant to Items 9840-001-0001, 9840-001-0494, and 9840-001-0988 of Section 2.00 when there are insufficient funds appropriated in this act in support of the state operations of the affected agency, department, board, bureau, or commission to satisfy the claim completely.

SEC. 5.40. (a) It is the intent of the Legislature that all amounts appropriated by this act to the following departments to implement the CALFED Bay-Delta Program shall be available for expenditure in

accordance with the schedule of expenditures for the CALFED Bay-Delta Program, broken down by program element, as set forth in Item 0540 of the supplemental report to this act:

- (1) Item 0540—Secretary for Resources.
- (2) Item 3480—Department of Conservation.
- (3) Item 3540—Department of Forestry and Fire Protection.
- (4) Item 3560—State Lands Commission.
- (5) Item 3600—Department of Fish and Game.
- (6) Item 3640—Wildlife Conservation Board.
- (7) Item 3760—State Coastal Conservancy.
- (8) Item 3820—San Francisco Bay Conservation and Development Commission.
- (9) Item 3860—Department of Water Resources.
- (10) Item 3940—State Water Resources Control Board.
- (11) Item 8570—Department of Food and Agriculture.

(b) The amounts appropriated by this act to implement the CALFED Bay-Delta Program shall be available only for projects, activities, and purposes that are consistent with the CALFED Record of Decision, including the accompanying environmental impact statement/environmental impact report previously certified by the state lead agency pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code.

(c) The amounts appropriated from accounts established under Division 24 (commencing with Section 78500) and Division 26 (commencing with Section 79000) of the Water Code shall be limited to the purposes provided for by those provisions.

(d) Notwithstanding Sections 26.00 and 28.50, the Director of Finance may, pursuant to a request by an affected agency specified in subdivision (a) seeking the transfer, or pursuant to a joint request of these agencies where more than one agency is affected, authorize a transfer of an amount that exceeds \$200,000 from an amount available for expenditure in one scheduled program element to one or more of the other scheduled elements. Any transfer may be authorized pursuant to this provision not sooner than 30 days after notification in writing of the transfer is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. The notification to the Legislature shall specify the justification for the transfer.

SEC. 5.45. (a) The Department of Finance shall provide information to the Legislature on resources bond funds for the CALFED program contained in the base budget at the time the Governor's Budget is submitted to the Legislature. Information provided should include the amount of bond funds, the source of bond funds, and the activities and positions supported by the funds.

(b) The Department of Finance shall annually submit budget change proposals to the Legislature for CALFED-related local assistance and capital outlay expenditures supported by resources bond funds.

SEC. 6.00. No more than \$100,000 of the funds appropriated for support purposes under Section 1.80 or any other sections of this act may be encumbered for preliminary plans, working drawings, or construction of any project for the alteration of a state facility unless the Director of Finance determines that the proposed alteration is critical and that it is necessary to proceed using funds appropriated for support purposes. Any approved critical project costing more than \$100,000 shall be reported to the Chairperson of the Joint Legislative Budget Committee or his or her designee, not less than 30 days prior to requesting bids for the project. The report shall detail those factors that make the project so critical that it must proceed using support funds. No project described by this section may cost more than \$400,000.

SEC. 8.00. (a) Notwithstanding Section 28.00, any amounts received from the federal government for the purposes of funding antiterrorism costs in the state that exceed the current appropriation of federal funds for that purpose, are hereby appropriated. These federal funds shall be allocated upon order of the Director of Finance to state departments for state or local assistance purposes or directly to local governments to address high-priority needs for costs of funding antiterrorism incurred in the 2006–07 fiscal year and ongoing or new costs for the 2007–08 fiscal year.

(b) Allocations made to state departments may be used to offset expenditures paid or to be paid from other funding sources. Allocations made for the purpose of an offset shall be applied as a negative expenditure to the appropriation where the expenditure has been or will be charged.

(c) Allocations pursuant to this section may be authorized not sooner than 30 days after notification, to the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.

SEC. 8.50. (a) In making appropriations to state agencies that are eligible for federal programs, it is the intent and understanding of the Legislature that applications made by the agencies for federal funds under federal programs shall be for the maximum amount allowable under federal law. Therefore, any amounts received from the federal government are hereby appropriated from federal funds for expenditure or for transfer to, and disbursement from, the State Treasury fund established for the purpose of receiving the federal assistance subject to any provisions of this act that apply to the expenditure of these funds, including Section 28.00.

(b) However, if federal funds for block grant programs assumed by the state or for any item receiving federal funds are reduced by more than 5 percent of the amount appropriated in this act, the Director of Finance shall notify the chairpersons of the committees in each house of the

Legislature which consider appropriations, and the Chairperson of the Joint Legislative Budget Committee, in writing within 30 days after notification by the federal government that federal funds have been reduced, and shall include an estimate of the amount of the available or anticipated federal funds, the 2007–08 fiscal year expenditures of each program affected by the reduction, the effect of reduced funding on service levels authorized by this act, and a plan of reduced expenditures for each program affected by the reduction. The plan shall be operational on an interim basis for up to 45 days pending legislative review, after which time the plan shall become permanent.

(c) Any expenditure of federal Temporary Assistance for Needy Families (TANF) block grant funds in excess of the amounts specified and appropriated in this act are subject to the notification procedures and requirements set forth in Section 28.00, or Provision 4 of Item 5180-101-0001, or Item 5180-403, of Section 2.00, whichever is applicable. The notification and other requirements of Section 28.00 also shall apply to any proposed substitution of TANF block grant funds for other state or federal funds.

SEC. 8.51. Each state agency shall, by certification to the Controller, identify the account within the Federal Trust Fund when charges are made against any appropriation made herein from the Federal Trust Fund.

SEC. 8.52. (a) The Director of Finance may reduce items of appropriation upon receipt or expenditure of federal trust funds in lieu of the amount appropriated for the same purpose and may make allocations for the purpose of offsetting expenditures. Allocations made for the purpose of offsetting existing expenditures shall be applied as a negative expenditure to the appropriation where the expenditure was charged.

(b) The director shall notify in writing the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house of the Legislature not less than 30 days prior to the effective date of any adjustments to items of appropriations made pursuant to this section or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. The notification shall include, but not be limited to, the basis for the proposed appropriation adjustments, a description of the fiscal assumptions used in making the appropriation adjustments, and any necessary background information regarding the programs to be adjusted. Any expenditure of federal funds for purposes other than offsetting other fund appropriations shall continue to be subject to the provisions of Section 28.00.

SEC. 8.53. It is the intent of the Legislature that reductions to federal funds appropriated in the Budget Bill enacted for each fiscal year, resulting from federal audits, be communicated to the Legislature in a timely manner. Therefore, notwithstanding any other provision of law, an agency, department, or other state entity receiving a final federal audit or deferral letter shall provide a copy of it to the Chairperson of the Joint Legislative Budget Committee within 30 days.

SEC. 9.20. Notwithstanding Section 15860 of the Government Code, the amount of funds expended for administrative costs associated with any appropriation contained in this act for acquisition of property pursuant to the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code) shall be limited to the amount specified for those costs in the Supplemental Report of the Budget Act of 2007. Amounts for administrative costs may be augmented by no more than 5 percent by the State Public Works Board. Notwithstanding the foregoing, any amounts needed for administrative costs associated with acquisition through the condemnation authority of the State Public Works Board shall be provided through augmentation of the affected appropriations as authorized by existing law.

SEC. 9.30. In the event that federal courts issue writs of execution for the levy of state funds and such writs are executed, the State Controller shall so notify the Department of Finance. The Department of Finance shall then notify the State Controller of the specific appropriation or fund to be charged. Federal writs of execution for the levy of state funds may only be charged against appropriations or funds having a direct programmatic link to the circumstances under which the federal writ was issued. If the appropriate department or agency no longer exists, or no linkage can be identified, the federal writ shall be charged to the unappropriated surplus of the General Fund. In the event that an appropriation in the act would have insufficient funding by such a charge, funding augmentations must follow the regular budget processes.

SEC. 9.45. (a) Any state agency, department, board, or commission shall provide notification to the Department of Finance and the Joint Legislative Budget Committee not less than 30 days prior to committing funding from Proposition 40, Proposition 50, or Proposition 84 if all of the following criteria apply:

(1) The funds will be used, either directly or through a grant, for the purchase of interests in, or the restoration or rehabilitation of property.

(2) The funds will be used for a grant or project that is not appropriated in statute by name or description.

(3) The total expenditure for the project, including, but not limited to, Proposition 40, Proposition 50, or Proposition 84 funds is in excess of \$25 million.

(b) The notification shall include a detailed description of the portion of the project being funded and a detailed description of the whole project. For the purposes of this section, the criteria set forth in subdivision (a) shall apply to both single transactions and cumulative transactions that involve the purchase of properties near or adjacent to each other.

(c) For purchases and grants meeting the criteria set forth in subdivision (a), the state agency, department, board, or commission may take public actions and hold public meetings prior to 30 days following notification only if such actions are expressly approved pending the completion of the 30-day review by the Department of Finance and the Joint Legislative Budget Committee, or not sooner than whatever lesser time the

Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. The seller or grantee must be explicitly notified in writing of this condition 10 days prior to any action taken.

SEC. 9.50. For minor capital outlay projects for which, pursuant to Sections 10108 and 10108.5 of the Public Contract Code, the services of the Department of General Services are not required and a state agency or department is authorized to carry out its own project, the amount of the unencumbered balance of the project shall be determined in accordance with Section 14959 of the Government Code. Upon receipt of bids for the project, an estimate of any amount necessary for the completion of the project, including supervision, engineering, and other items, if any, shall be deemed a valid encumbrance and shall be included with any other valid encumbrance in determining the amount of an unencumbered balance.

SEC. 11.00. (a) A state agency to which state funds are appropriated by one or more statutes, including this act, for an information technology project may not enter into, or agree to, any contract or any contract amendment in the 2007–08 fiscal year that results, in the aggregate, in an increase in the budgeted cost of the project exceeding \$500,000, or 10 percent of the budgeted cost of the project, whichever is less, unless the approval of the Director of Finance is first obtained and written notification of that approval is provided by the department to the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the budget committees of each house of the Legislature, not less than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine. Each notification required by this section shall (1) explain the necessity and rationale for the proposed contract or amendment, (2) identify the cost savings, revenue increase, or other fiscal benefit of the proposed contract or amendment, and (3) identify the funding source for the proposed contract or amendment.

(b) Subdivision (a) does not apply to a resulting increase in the budgeted cost of a project that is less than \$100,000, or that is funded by an augmentation authorized pursuant to Section 26.00.

(c) The following definitions apply for the purposes of this section:

(1) “Budgeted cost of a project” means the total cost of the project as identified in the most recent feasibility study report, special project report, or equivalent document submitted to the Legislature in connection with its consideration of a bill that appropriated any state funding for that project.

(2) “State agency” means each agency of the state that is subject to Article 2 (commencing with Section 13320) of Chapter 3 of Part 3 of Division 3 of Title 2 of the Government Code, except that this section shall not apply to the University of California, the California State University, the State Compensation Insurance Fund, the community

college districts, agencies provided for by Article VI of the California Constitution, or the Legislature.

SEC. 11.10. (a) Before a department may enter into or amend a statewide software license agreement not previously approved by the Legislature that obligates state funds in the current year or future years, the Director of Finance shall notify the Legislature whether or not the obligation will result in a net expenditure or savings. A department shall prepare and submit to the Department of Finance a business proposal containing the following elements: installed base analysis, future use (including assumptions for future use), the reason for choosing a statewide license agreement rather than any other procurement method such as a volume purchase agreement, a cost/benefit analysis, a cost allocation methodology, and funding plan. A statewide software license agreement may not be entered into or amended unless the approval of the Director of Finance is first obtained and written notification of that approval is provided by the department to the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the budget committees of each house of the Legislature, not less than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine. Each notification required by this section shall:

- (1) Explain the necessity and rationale for the proposed agreement.
- (2) Identify the cost savings, revenue increase, or other fiscal benefit of the proposed agreement.
- (3) Identify the funding source for the proposed agreement.

(b) For purposes of this section, "statewide software license agreement" means a software license contract that can be used by multiple state agencies subject to Article 2 (commencing with Section 13320) of Chapter 3 of Part 3 of Division 3 of Title 2 of the Government Code except that this section shall not apply to the University of California, the California State University, the State Compensation Insurance Fund, the community college districts, agencies provided for by Article VI of the California Constitution, or the Legislature.

(c) Subdivision (a) does not apply if the amount of the proposed contract or amendment is less than \$1,000,000 in the aggregate.

SEC. 11.11. In order to protect the privacy of state employees and ensure the security of the payment of public funds, all departments, boards, offices, and other agencies and entities of the state shall distribute pay warrants and direct deposit advices to employees in a manner that ensures that personal and confidential information contained on the warrants and direct deposit advices is protected from unauthorized access. The Department of Personnel Administration shall advise all departments, boards, offices, and other agencies and entities of state government of the requirements contained in this section.

SEC. 12.00. For the purposes of Article XIII B of the California Constitution, there is hereby established a state "appropriations limit" of \$76,093,000,000 for the 2007–08 fiscal year.

Any judicial action or proceeding to attack, review, set aside, void, or annul the “appropriations limit” for the 2007–08 fiscal year shall be commenced within 45 days of the effective date of this act.

SEC. 12.30. There is hereby appropriated from the General Fund for transfer to the Special Fund for Economic Uncertainties by the Controller, upon order of the Director of Finance, an amount necessary to bring the balance of this special fund up to the amount stated in the 2007–08 Final Change Book for the 2007–08 fiscal year ending balance in the Special Fund for Economic Uncertainties. The amount so transferred shall be reduced by the amount of excess revenues subject to Section 2 of Article XIII B of the California Constitution, as determined by the Director of Finance.

SEC. 12.32. (a) It is the intent of the Legislature that appropriations that are subject to Section 8 of Article XVI of the California Constitution be designated with the wording “Proposition 98.” In the event these appropriations are not so designated, they may be designated as such by the Department of Finance, where that designation is consistent with legislative intent, within 30 days after notification in writing of the proposed designation to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or within a lesser time that the chairperson of the joint committee, or his or her designee, determines.

(b) Pursuant to the Proposition 98 funding requirements established in Chapter 2 (commencing with Section 41200) of Part 24 of the Education Code, the total appropriations for Proposition 98 for the 2007–08 fiscal year are \$41,929,603,000 or 42.6 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for school districts are \$37,639,628,000 or 38.3 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for community college districts are \$4,170,624,000 or 4.2 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for other state agencies that provide direct elementary and secondary level education, as defined in Section 41302.5 of the Education Code, are \$119,252,000 or 0.1 percent of total General Fund revenues and transfers subject to the state appropriations limit.

SEC. 12.40. (a) Notwithstanding any other provision of law, not more than 10 percent of the amount apportioned to any local educational agency under the programs funded in this act that were funded in Item 6110-230-0001 of Section 2.00 of Senate Bill 160 of the 1999–2000 Regular Session, as introduced on January 8, 1999, may be expended by that recipient for the purposes of any other program for which the recipient is eligible for funding under those items, except that the total amount of funding allocated to the recipient under this item that is expended by the recipient for the purposes of any of those programs shall not exceed 115 percent of the amount of state funding allocated pursuant to the appropriations to that recipient for those programs in this act for the

2007–08 fiscal year. Notwithstanding any other provision of law, for the 2007–08 fiscal year, local educational agencies may also use this authority to provide the funds necessary to initiate a conflict resolution program pursuant to Chapter 2.5 (commencing with Section 32260) of Part 19 of the Education Code, and to continue to support following the three-to-five year state grant period.

(b) The education programs that are eligible for the flexibility provided in subdivision (a) included the following items: Items 6110-111-0001, 6110-122-0001, 6110-124-0001, 6110-150-0001, 6110-167-0001, 6110-181-0001, 6110-193-0001, 6110-203-0001, 6110-209-0001, and 6110-224-0001 of Section 2.00.

(c) Notwithstanding any other provision of law, not more than 10 percent of the amount apportioned to any local educational agency from each of Items 6110-111-0001, 6110-122-0001, 6110-124-0001, 6110-167-0001, 6110-181-0001, 6110-193-0001, 6110-203-0001, 6110-209-0001, and 6110-224-0001 may be expended by that recipient for programs in Items 6110-119-0001 and 6110-128-0001 so that the total expended does not exceed 115 percent of the state funding for the programs in Items 6110-119-0001 and 6110-128-0001 for the 2007–08 fiscal year.

(d) As a condition of receiving the funds provided for the programs identified in subdivision (b), local educational agencies shall report to the Department of Education by October 15, 2008, on any amounts shifted between these programs pursuant to the flexibility provided in subdivision (a). The Department of Education shall collect and provide this information to the Joint Legislative Budget Committee, chairpersons and vice chairpersons of the fiscal committees of each house of the Legislature for education, and the Department of Finance by February 1, 2009.

SEC. 12.60. It is the intent of the Legislature that education programs with voluntary participation be funded at statutorily authorized levels. Notwithstanding any other provision of law, the Controller, upon approval of the Director of Finance, shall transfer unobligated funds between any of the following voluntary participation programs to the extent needed to fully fund eligible participation. First priority for allocation of savings shall be given to the Cal-SAFE Program, Item 6110-198-0001. The Department of Finance shall notify the Joint Legislative Budget Committee of any transfers made under this section. The items between which the Controller may transfer funds pursuant to this section are the following: Items 6110-104-0001, 6110-190-0001, 6110-195-0001, 6110-198-0001, 6110-211-0001, 6110-232-0001, and 6110-234-0001 of Section 2.00.

SEC. 13.00. (a) Notwithstanding any other provision of law, expenditures under Item 0160-001-0001 of Section 2.00 or any appropriation in augmentation of that item shall be exempt from Chapter 7 (commencing with Section 11700) of Part 1 of, and Article 2 (commencing with Section 13320) of Chapter 3 of Part 3 of, Division 3 of Title 2 of the Government Code, Division 2 (commencing with Section 1100) of the Public Contract Code, and subdivision (a) of Section 713 of

Title 2 of the California Code of Regulations, and may be expended as set forth in the Governor's Budget, or for other purposes, including expenditures for the number of positions in various classifications authorized by the Joint Rules Committee.

(b) Notwithstanding any other provision of law, the unencumbered balances as of June 30, 2008, of the appropriations made by Items 0160-001-0001 and 8840-001-0001 of Section 2.00 are reappropriated and shall be available for encumbrance until June 30, 2009, for the same programs and purposes for which appropriations for these items have been made by this act.

(c) Notwithstanding any other provision of law, all moneys that are received as payment for the sale of services or personal property by the agency that have not been taken into consideration in the schedule of Item 0160-001-0001 or are in excess of the amount so taken into consideration are to be credited to that item and are hereby appropriated in augmentation of that item for the same programs and purposes for which appropriations for that item have been made by this act.

(d) Notwithstanding any other provision of law, the Legislative Counsel Bureau may convert or reclassify positions in the bureau, as deemed appropriate by the Legislative Counsel, for inclusion, or redesignation, in the career executive assignment band, to the extent that the total number of positions in the career executive band in the bureau does not exceed 3 percent of the positions in the bureau. Any position that is converted or reclassified shall not be subject to review or approval by the Department of Personnel Administration or State Personnel Board.

SEC. 14.00. (a) Notwithstanding any other provision of law, if the Director of the Department of Consumer Affairs determines in writing that there is insufficient cash in a special fund under the authority of a board, commission, or bureau of the department to make one or more payments currently due and payable, the director may order the transfer of moneys to that special fund, in the amount necessary to make the payment or payments, as a loan from a special fund under the authority of another board, commission, or bureau of the department. That loan shall be subject to all of the following conditions:

(1) No loan from a special fund shall be made that would interfere with the carrying out of the object for which the special fund was created.

(2) The loan shall be repaid as soon as there is sufficient money in the recipient fund to repay the amount loaned, but no later than a date 18 months after the date of the loan. Interest on the loan shall be paid from the recipient fund at the rate accruing during the loan period to moneys in the Pooled Money Investment Account.

(3) The amount loaned shall not exceed the amount that the appropriate board, commission, or bureau is statutorily authorized at the time of the loan to expend during the 2007–08 fiscal year from the recipient fund.

(4) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards.

(b) (1) Notwithstanding any other provision of law, the Department of Consumer Affairs, during the 2007–08 fiscal year, may order the release of moneys from the clearing account in the Consumer Affairs Fund in an amount exceeding the amount advanced to the clearing account from a special fund within the department, as a loan to make one or more payments on behalf of that special fund that are currently due and payable. To the extent that the amount of moneys currently in the clearing account is insufficient to make the payment or payments on behalf of that special fund, the department may transfer additional moneys to the clearing account from any other special fund under the authority of a board, commission, or bureau of the department to include in the loan. A loan made to a special fund under this subdivision shall be subject to all of the following conditions:

(A) The loan shall not be made if it would reduce the amount advanced to the clearing account from another special fund, or the amount contained in that special fund, as applicable, to an extent that would interfere with the carrying out of the object for which that special fund was created.

(B) The loan shall be repaid as soon as there is sufficient money in the recipient fund to repay the amount loaned, but no later than a date 60 days after the date of the loan.

(C) The amount loaned shall not exceed the amount that the appropriate board, commission, or bureau is statutorily authorized at the time of the loan to expend during the 2007–08 fiscal year from the recipient fund.

(2) For purposes of this subdivision, the “clearing account” in the Consumer Affairs Fund is the account established in that fund, consisting of moneys advanced from the various special funds within the department, from which the Department of Consumer Affairs pays operating and other expenses of each special fund in an amount ordinarily not exceeding the amount advanced from that special fund.

(c) The Director of the Department of Consumer Affairs shall provide a report by March 1, 2008, on all loans initiated or repayments made pursuant to subdivision (a) or (b) within the preceding fiscal year to the chairperson of the budget committee, and the chairperson of the appropriate legislative oversight committee, of each house of the Legislature.

(d) At least 10 days prior to initiating a loan to be made pursuant to subdivision (a) or (b), the Director of the Department of Consumer Affairs shall provide written notification to the Joint Legislative Budget Committee if either (1) any loan from any one fund exceeds \$200,000 or (2) the aggregate amount of loans from any one fund exceeds \$200,000.

SEC. 15.25. (a) Notwithstanding any other provision of law, the Director of Finance may adjust amounts in any appropriation item in this act resulting from changes in rates for data center services approved by the Technology Services Board in the 2007 or 2008 calendar year.

(b) The aggregate amount of General Fund appropriation increases authorized by this section during the fiscal year may not exceed the aggregate amount of General Fund appropriation decreases.

(c) Within 30 days of making any adjustment pursuant to this section, the Department of Finance shall report the adjustment in writing to the Joint Legislative Budget Committee.

SEC. 17.00. The Budget Act of 2007 includes \$80,525,000 (\$20,666,000 from the General Fund, \$54,957,000 from federal funds, \$902,000 from special funds, and \$4,000,000 from reimbursements) for applicant state agencies, departments, boards, commissions, or other entities of state government in support of federal Health Insurance Portability and Accountability Act (HIPAA) of 1996 activities. These funds are allocated to the following entities:

California Health and Human Services Agency	
General Fund.....	3,169,000
Reimbursements.....	651,000
Public Employees' Retirement System	
Special Funds.....	236,000
Office of Statewide Health Planning and Development	
Special Funds.....	107,000
Department of Aging	
General Fund.....	12,000
Reimbursements.....	12,000
Department of Alcohol and Drug Programs	
General Fund.....	856,000
Reimbursements.....	986,000
Department of Health Care Services	
General Fund.....	14,377,000
Federal Funds.....	54,899,000
Reimbursements.....	327,000
Department of Public Health	
Special Funds.....	538,000
Managed Risk Medical Insurance Board	
General Fund.....	26,000
Special Funds.....	21,000
Federal Funds.....	58,000
Department of Developmental Services	
General Fund.....	988,000
Reimbursements.....	896,000
Department of Mental Health	
General Fund.....	1,113,000
Reimbursements.....	1,128,000
Department of Veterans Affairs	
General Fund.....	125,000

SEC. 24.00. For the 2007–08 fiscal year, the donations and oil and mineral revenues from federal lands that are deposited in the State School Fund shall be divided between Section A and Section B of the State School Fund, with 85 percent of these revenues to be credited to Section A of

the fund exclusively for regular apportionments for school districts serving pupils in kindergarten or any of grades 1 to 12, inclusive, and 15 percent to Section B of the fund exclusively for community college district regular apportionments. The amounts accruing to the State School Fund under this section shall be disbursed fully before any General Fund transfers to Section A or Section B of the State School Fund are disbursed for regular apportionments.

SEC. 24.03. Notwithstanding any other provision of law, funds appropriated by Section 2.00, Section 8.50, Section 28.00, Section 28.50, or any other provision of this act may not be expended for the support of any program, network, or material, with the exception of instruction to pupils who are identified as deaf or hearing impaired pursuant to 34 C.F.R. 300.8(c) paragraphs (3) and (5), that promotes or uses reading instruction methodologies that emphasize contextual clues in lieu of fluent decoding.

SEC. 24.10. (a) Notwithstanding Section 1464 of the Penal Code or Section 41304 of the Education Code, the first \$1,106,000 received by the Driver Training Penalty Assessment Fund for the 2007–08 fiscal year shall be available for the purposes of Item 6110-001-0178 of Section 2.00. The amount retained by the Driver Training Penalty Assessment Fund for the purposes of Item 6110-001-0178 may be adjusted by the Department of Finance for actions pursuant to any section of this act.

(b) After moneys are retained by the Driver Training Penalty Assessment Fund pursuant to subdivision (a), the Controller shall transfer any remaining balances as follows: \$4,121,000 to the Victim-Witness Assistance Fund; \$9,800,000 to the Corrections Training Fund; and \$14,000,000 to the Peace Officers' Training Fund. Any remaining unallocated moneys in the Driver Training Penalty Assessment Fund shall be transferred to the General Fund.

SEC. 24.55. (a) For purposes of this section, "state educational institutions" means the University of California (UC), the California State University (CSU), the California Community Colleges (CCC), and the State Department of Education (SDE), or their designees, as part of their participation on the Board of the Corporation for Education Network Initiatives in California (CENIC).

(b) To expend General Fund moneys, student fee revenue, or any other moneys for the California Research and Education Network (CalREN) or the K–12 High Speed Network (HSN), state educational institutions shall do all of the following:

(1) Ensure that each segment-specific contract includes a service level agreement between CENIC and each segment.

(2) Ensure that each segment-specific contract specifies that any interest earned on state moneys shall be used for operating CalREN on behalf of the UC, CSU, CCC, and K–12 segments. Any segment-specific cash re-serves held by CENIC shall be maintained separately and accrue interest to that segment.

(3) Ensure that each segment-specific contract protects state assets by requiring CENIC to track both segment-specific and shared assets purchased with state funds.

(4) Ensure that each segment-specific contract contains agreed-upon fee structures that specify services, associated fees, and payment terms.

(5) Ensure that each segment-specific contract contains appropriate protection of state intellectual property.

SEC. 24.60. Each state entity receiving lottery funds shall annually report to the Governor and the Legislature on or before May 15 the amount of lottery funds that the entity received and the purposes for which those funds were expended in the prior fiscal year, including administrative costs. The State Department of Education shall report on behalf of K–12 entities. If applicable, the entity shall also report the amount of lottery funds received on the basis of adult education average daily attendance (ADA) and the amount of lottery funds expended for adult education.

SEC. 24.70. From the funds appropriated to the State Department of Education for local assistance, the department shall ensure that the expenditure of funds allocated to a local educational agency (LEA), through a contract between the department and the LEA or through a grant from the department to the LEA, shall be subject to the LEA's fiscal accountability policies and procedures. If it is necessary for the LEA to establish a separate entity to complete the work scope of the contract or grant, the fiscal accountability policies and procedures for that entity shall be the same as those of the LEA, or amended only with the approval of both the superintendent of schools of the LEA and a fiscal representative of the department designated by the Superintendent of Public Instruction. Further, the department shall have the authority to provide for an audit of the expenditures under the contract or grant between the department and the LEA to verify conformance with appropriate fiscal accountability policies and procedures. The cost of the audit, if required, shall be charged to the audited contract or grant.

SEC. 25.25. Notwithstanding any other provision of law, a sum not to exceed \$14,644,000 is appropriated from various special and nongovernmental cost funds to the State Controller for payment of costs to support the replacement of the existing automated human resource/payroll systems known as the 21st Century Project. The Controller shall assess these funds in sufficient amounts to pay for the authorized 21st Century Project costs that are attributable to such funds pursuant to Government Code Section 12432. Assessments in support of the expenditures for the 21st Century Project shall be made quarterly and the total amount assessed from these funds in the 2007–08 fiscal year shall not exceed the total expenditures incurred by the State Controller for the 21st Century Project that are attributable to those funds in the 2007–08 fiscal year.

SEC. 25.50. Notwithstanding any other provision of law, an amount not to exceed \$861,000 is hereby appropriated from various funds to the

Controller, as specified below, for reimbursement of costs for the ongoing maintenance and support of the Apportionment Payment System:

0046 Public Transportation Account	\$ 18,000
0062 Highway Users Tax Account	290,000
0064 Motor Vehicle License Fee Account	17,000
0330 Local Revenue Fund	114,000
0877 DMV Local Agency Collection Fund	2,000
0932 Trial Court Trust Fund	165,000
0965 Timber Tax Fund	1,000
0969 Public Safety Account	254,000
Total, All Funds	\$861,000

The Controller shall assess these funds for the costs of the Apportionment Payment System because apportionment payments in excess of \$10,000,000 are made annually from these funds. Assessments in support of the expenditures for the Apportionment Payment System shall be made monthly, and the total amount assessed from these funds may not exceed the total expenditures incurred by the Controller for the Apportionment Payment System for the 2007–08 fiscal year.

SEC. 26.00. (a) It is the intent of the Legislature, in enacting this section, to provide flexibility for the administrative approval of intraschedule transfers within individual items of appropriation in those instances where the transfers are necessary for the efficient and cost-effective implementation of the programs, projects, and functions funded by this act. No transfer shall be authorized under this section to either eliminate any program, project, or function, except when implementation is found to be no longer feasible in light of changing circumstances or new information, or establish any new program, project, or function.

(b) The Director of Finance may, pursuant to a request by the officer, department, division, bureau, board, commission, or other agency to which an appropriation is made by this act, authorize the augmentation of the amount available for expenditure in any schedule set forth for that appropriation, by making a transfer from any of the other designated programs, projects, or functions within the same schedule. No intraschedule transfer may be made under this section to fund any capital outlay purpose, regardless of whether budgeted in a capital outlay or a local assistance appropriation. Upon the conclusion of the 2007–08 fiscal year, the Director of Finance shall furnish the chairpersons of the committees in each house of the Legislature that consider appropriations and the State Budget, and the Chairperson of the Joint Legislative Budget Committee, with a report on all authorizations given pursuant to this section during that fiscal year.

(c) Intraschedule transfers of the amounts available for expenditure for a program, project, or function designated in any line of any schedule set forth for that appropriation by transfer from any of the other designated

programs, projects, or functions within the same schedule shall not exceed, during any fiscal year:

(1) 20 percent of the amount so scheduled on that line for those appropriations made by this act that are \$2,000,000 or less.

(2) \$400,000 of the amount so scheduled on that line for those appropriations made by this act that are more than \$2,000,000 but equal to or less than \$4,000,000.

(3) 10 percent of the amount so scheduled on that line for those appropriations made by this act that are more than \$4,000,000.

(4) The Department of Transportation Highway Program shall be limited to a schedule change of 10 percent.

(d) Any transfer in excess of \$200,000 may be authorized pursuant to this section not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.

(e) Any transfer in excess of the limitations provided in subdivision (c) may be authorized not sooner than 30 days after notification in writing of the necessity to exceed the limitations is provided to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee, may in each instance determine.

SEC. 28.00. (a) It is the intent of the Legislature in enacting this section to provide flexibility for administrative approval of augmentations for the expenditure of unanticipated federal funds or other nonstate funds in cases that meet the criteria set forth in this section. However, this section does not provide an alternative budget process, and proposals for additional spending ordinarily should be considered in the annual State Budget or other state legislation. Specifically, augmentations for items which the administration had knowledge to include in its 2007–08 budget plan should not be submitted through the process provided by this section. Augmentations for items which can be deferred to 2008–09 should be included in the administration's 2008–09 budget proposals.

(b) The Director of Finance may authorize the augmentation of the amount available for expenditure for any program, project, or function in the schedule of any appropriation in this act or any additional program, project, or function equal to the amount of any additional, unanticipated funds that he or she estimates will be received by the state during the 2007–08 fiscal year from any agency of local government or the federal government, or from any other nonstate source, provided that the additional funding meets all of the following requirements:

(1) The funds will be expended for a purpose that is consistent with state law.

(2) The funds are made available to the state under conditions permitting their use only for a specified purpose, and the additional expenditure proposed under this section would apply to that specified funding purpose.

(3) Acceptance of the additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.

(4) The need exists to expend the additional funding during the 2007–08 fiscal year.

(c) In order to receive consideration for an augmentation, an agency shall either (1) notify the director within 45 days of receiving official notice of the availability of additional, unanticipated funds, or (2) explain in writing to the director why that notification was infeasible or impractical. In either case, the recipient agency shall provide the director a copy of the official notice of fund availability.

(d) The director also may reduce any program, project, or function whenever he or she determines that funds to be received will be less than the amount taken into consideration in the schedule.

(e) Any augmentation or reduction that exceeds either (1) \$400,000 or (2) 10 percent of the amount available for expenditure in the affected program, project, or function may be authorized not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees, and the appropriate subcommittees, in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. With regard to any proposed augmentation, the notification shall state the basis for the determination by the director that the augmentation meets each of the requirements set forth in subdivisions (b) and (c). This notification shall include the date that the recipient department received official notice of the additional funds, and a copy of the agency's written explanation if a 45-day notice was not provided to the director. This notification requirement does not apply to federal funds related to caseload increases in Medi-Cal, California Work Opportunity and Responsibility to Kids (CalWORKs), and Supplemental Security Income/State Supplementary Program (SSI/SSP).

(f) Any personnel action that is dependent on funds subject to this section shall not be effective until after the provisions of this section have been complied with. Any authorization made pursuant to this section shall remain in effect for the period the director may determine in each instance, but in no event after June 30, 2008.

SEC. 28.50. (a) Except as otherwise provided by law, an officer, department, division, bureau, or other agency of the state may expend for the 2007–08 fiscal year all moneys received as reimbursement from another officer, department, division, bureau, or other agency of the state that has not been taken into consideration by this act or any other statute,

upon the prior written approval of the Director of Finance. The Department of Finance may also reduce any reimbursement amount and related program, project, or function amount if funds received from another officer, department, division, bureau, or other agency of the state will be less than the amount taken into consideration in the schedule.

(b) For any expenditure of reimbursements or any transfer for the 2007–08 fiscal year that exceeds \$200,000, the Director of Finance shall provide notification in writing of any approval granted under this section, not less than 30 days prior to the effective date of that approval, to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. Increases to reimbursements are not reportable under this section if the funding for the other officer, department, division, bureau, or other agency of the state providing the reimbursement has already been approved by the Legislature. These adjustments are considered technical in nature and are authorized in Section 1.50.

SEC. 29.00. The Department of Finance shall calculate and publish a listing of total personnel-years and estimated salary savings for each department and agency. These listings shall be published by the Department of Finance at the same time as the publication of (a) the Governor's Budget, (b) the May Revision, and (c) the Final Change Book.

(a) The listing provided at the time of the publication of the Governor's Budget shall contain estimates of personnel-years for the prior year, current year, and budget year.

(b) The listing provided at the time of publication of the May Revision shall contain estimates of personnel-years proposed for the budget year.

(c) The listing provided at the time of the publication of the Final Change Book shall contain estimates of personnel-years for the fiscal year just enacted.

SEC. 30.00. Section 13340 of the Government Code is amended to read:

13340. (a) Except as provided in subdivision (b), on and after July 1, 2008, no moneys in any fund that, by any statute other than a Budget Act, are continuously appropriated without regard to fiscal years, may be encumbered unless the Legislature, by statute, specifies that the moneys in the fund are appropriated for encumbrance.

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

(1) The scheduled disbursement of any local sales and use tax proceeds to an entity of local government pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code.

(2) The scheduled disbursement of any transactions and use tax proceeds to an entity of local government pursuant to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code.

(3) The scheduled disbursement of any funds by a state or local agency or department that issues bonds and administers related programs for which funds are continuously appropriated as of June 30, 2008.

(4) Moneys that are deposited in proprietary or fiduciary funds of the California State University and that are continuously appropriated without regard to fiscal years.

(5) The scheduled disbursement of any motor vehicle license fee revenues to an entity of local government pursuant to the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code).

SEC. 31.00. (a) The appropriations made by this act shall be subject, unless otherwise provided by law, to Section 13320 and Article 2.5 (commencing with Section 13332) of Chapter 3 of Part 3 of Division 3 of Title 2 of the Government Code, requiring expenditures to be made in accordance with the allotments and other provisions of fiscal year budgets approved by the Department of Finance.

(b) The fiscal year budgets shall authorize, in the manner that the Department of Finance shall prescribe, all established positions whose continuance for the year is approved and all new positions. No new position shall be established unless authorized by the Department of Finance on the basis of work program and organization.

(c) The Director of Finance, or his or her authorized designee, shall notify the Chairperson of the Joint Legislative Budget Committee within 30 days of authorizing any position not authorized for that fiscal year by the Legislature or any reclassification to a position with a minimum step per month of \$6,506 as of July 1, 2007.

(d) It is the intent of the Legislature that all positions administratively established pursuant to this section that are intended by the administration to be ongoing be submitted to the Legislature for approval through the regular budget process as soon as possible. All positions administratively established pursuant to this section during the 2007–08 fiscal year shall terminate on June 30, 2008, except for those positions that have been (1) approved by the Legislature as part of the regular budget process for the 2008–09 fiscal year as new positions, or (2) approved by the Department of Finance after the 2008–09 Governor’s Budget submission to the Legislature and subsequently reported to the Legislature prior to July 1, 2008. The positions identified in (2) above may be reestablished by the Department of Finance during the 2008–09 fiscal year, provided that these positions are shown in the Governor’s Budget for the 2009–10 fiscal year as submitted to the Legislature, and provided that these positions do not result in the reestablishment of positions deleted by the Legislature through the budget process for the 2008–09 fiscal year. The Department of Finance will notify the Legislature within 30 days of the reestablishment of positions approved in the 2008–09 fiscal year pursuant to (2) above.

(e) Moneys appropriated in the 2007–08 fiscal year may be expended for increases in salary ranges or any other employee compensation action only if appropriated for that purpose, or if the Department of Finance

certifies to the salary and other compensation-setting authority, prior to the adoption of the action, that funds are available to pay the increased salary or employee compensation resulting from the action. Prior to certification, the Department of Finance shall determine whether the increase in salary range or employee compensation action will require supplemental funding in the 2008–09 fiscal year. If the Department of Finance determines that supplemental funding will be required, the department may certify only if it notifies in writing, at least 30 days before, the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or a lesser time which the chairperson of the joint committee, or his or her designee, determines.

(f) A certification on a payroll claim that expenditures therein are in accordance with current budgetary provisions as approved by the Department of Finance shall be sufficient evidence to the Controller that these expenditures comply with this section.

SEC. 32.00. (a) The officers of the various departments, boards, commissions, and institutions, for whose benefit and support appropriations are made in this act, are expressly forbidden to make any expenditures in excess of these appropriations. Any indebtedness attempted to be created against the state in violation of this section shall be null and void, and shall not be allowed by the Controller nor paid out of any state appropriation.

(b) Any member of a department, board, commission, or institution who shall vote for any expenditure, or create any indebtedness against the state in excess of the respective appropriations made by this act shall be liable both personally and on his or her official bond for the amount of the indebtedness, to be recovered in any court of competent jurisdiction by the person or persons, firm, or corporation to which the indebtedness is owing. Notwithstanding the foregoing or any other provision of law, a person may not be held personally liable for the amount of any indebtedness created by an expenditure in excess of an appropriation made by this act if all of the following occur: (1) the expenditure is in response to increases in enrollment, population, or caseload by the State Department of Social Services, the Department of Corrections and Rehabilitation, the State Department of Developmental Services, the State Department of Mental Health, the State Department of Health Care Services, or the State Department of Public Health; (2) that expenditure is incurred no sooner than 30 days after the Director of Finance notifies in writing of the necessity therefor the Chairperson of the Joint Legislative Budget Committee; and (3) if the chairperson does not advise in response that the expenditure shall not occur. The director's notification shall include a certification of any amounts required by enrollment, population, or caseload, rather than management decisions or policy changes.

(c) Neither subdivision (a) nor (b) applies to the expenditure of moneys to fund continuous appropriations, including appropriations made in the

California Constitution, and federal laws mandating the expenditure of funds.

SEC. 33.00. If any item of appropriation in this act is vetoed, eliminated, or reduced by the Governor under Section 10 of Article IV of the California Constitution, while approving portions of this act, such veto, elimination, or reduction shall not affect the other portions of this act, and these other portions of this act, so approved, shall have the same effect in law as if any vetoed or eliminated items of appropriation had not been present in this act, and as if any reduced item of appropriation had not been reduced.

SEC. 34.00. If any portion of this act is held unconstitutional, that decision shall not affect the validity of any other portion of this act. The Legislature hereby declares that it would have passed this act, and each portion thereof, irrespective of the fact that any other portion be declared unconstitutional.

SEC. 35.50. (a) For purposes of paragraph (1) of subdivision (f) of Section 10, and subdivision (f) of Section 12, of Article IV of the California Constitution, "General Fund revenues" means the total resources available to the General Fund for a fiscal year before any transfer to the Budget Stabilization Account.

(b) For purposes of subdivision (f) of Section 12 of Article IV of the California Constitution, "all appropriations from the General Fund for that fiscal year" shall not include any transfer to the Budget Stabilization Account to retire Economic Recovery Bonds because that amount is reflected in the "amount of any General Fund moneys transferred to the Budget Stabilization Account."

(c) For purposes of subdivision (f) of Section 12 of Article IV of the California Constitution, the estimate of General Fund revenues for the 2007–08 fiscal year pursuant to this act, as passed by the Legislature, is \$106,689,100,000.

(d) For purposes of subdivision (b) of Section 20 of Article XVI of the California Constitution, General Fund revenues shall be defined as revenues and transfers before any transfer to the Budget Stabilization Account, excluding any proceeds from Economic Recovery Bonds, as estimated in the enacted State Budget.

SEC. 35.60. (a) Whenever the Director of Finance determines that there is a shortfall in the General Fund reserve, the Director shall order the transfer from the Budget Stabilization Account to the General Fund the amount determined by the Director of Finance to be sufficient to ensure there is a prudent General Fund reserve. Upon receipt of the order from the Director of Finance, the Controller shall make the transfer in the amount ordered.

(b) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations not more than 15 days after ordering the transfer pursuant to this section.

SEC. 36.00. This act, inasmuch as it provides for appropriations for the usual and current expenses of the state, shall, under the provisions of Section 8 of Article IV of the California Constitution, take effect immediately.

SEC. 37.00. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

This act makes appropriations and contains related provisions for support of state and local government for the 2007–08 fiscal year and provides for capital outlay appropriations in continuance of existing programs and to promote and sustain the economy of the state. It is imperative that these appropriations be made available for expenditure not later than July 1, 2007. It is therefore necessary that this act go into immediate effect.

INDEX BY BUDGET TITLE

SEC. 99.00. The following provides an index to the appropriations and related provisions of this act, by organization in alphabetical order, with the code number of the affected organization. The organization code is the first four numbers of any item number in this act. For ease of reference, the appropriation items in this act are organized in numerical order, and all of the appropriation items for any one organization are adjacent to one another.

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Alcoholic Beverage Control Appeals Board....	2120
Alfred E. Alquist Seismic Safety Commission.....	1690
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Baldwin Hills Conservancy.....	3835
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Business, Transportation and Housing, Secretary for.....	0520
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Coachella Valley Mountains Conservancy.....	3850
Coastal Commission, California.....	3720
Coastal Conservancy, State.....	3760
Colorado River Board of California.....	3460
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Community Services and Development, Department of.....	4700
Conservation, Department of.....	3480
Conservation Corps, California.....	3340
Consumer Affairs-Bureaus, Programs and Divisions, Department of.....	1111
Consumer Affairs-Regulatory Boards, Department of.....	1110
Consumer Power and Conservation Financing Authority, California.....	8665
Contingencies or Emergencies, Augmentation for.....	9840
Contingencies or Emergencies, Loans for.....	9850
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Controller, State.....	0840
Corporations, Department of.....	2180
Corrections and Rehabilitation, Department of.....	5225
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Debt Limit Allocation Committee, California....	0959
Delta Protection Commission.....	3840
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Department	Organization Code
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Energy Resources Conservation and Develop- ment Commission.....	3360
Environmental Health Hazard Assessment, Office of.....	3980
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Equity Claims of California Victim Compensa- tion and Government Claims Board and Set- tlements and Judgments by Department of Justice.....	9670
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Financial Institutions, Department of.....	2150
Fish and Game, Department of.....	3600
Food and Agriculture, Department of.....	8570
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Franchise Tax Board.....	1730
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Gambling Control Commission, California.....	0855
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Milton Marks “Little Hoover” Commission on California State Government Organization and Economy.....	8780
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Department	Organization Code
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San Francisco Bay Conservation and Development Commission.....	3820
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy.....	3825
San Joaquin River Conservancy.....	3830
Santa Monica Mountains Conservancy.....	3810
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Department	Organization Code
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Veterans Home of California—Chula Vista.....	8966
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INDEX FOR CONTROL SECTIONS

SEC. 99.50. The following is an index to the general sections of this act. These sections serve to define terms and identify restrictions concerning the appropriations contained in this act.

- 1.00 Budget Act Citation
- 1.50 Intent and Format
- 1.80 Availability of Appropriations
- 2.00 Items of Appropriation
- 3.00 Defines Purposes of Appropriations
- 3.50 Benefit Charges Against Salaries and Wages
- 3.60 Contribution to Public Employees' Retirement Benefits
- 4.01 Employee Compensation Savings
- 4.04 Price Increase
- 4.05 Unallocated General Fund Reductions
- 4.11 Establishing New Positions
- 4.20 Contribution to Public Employees' Contingency Reserve Fund
- 4.30 Lease-Revenue Payment Adjustments
- 4.80 State Public Works Board Interim Financing
- 4.85 Transfer Lease Revenue Bond Proceeds
- 4.90 Architectural Revolving Fund Transfer
- 4.95 Inmate Construction Revolving Account Transfer
- 5.25 Attorney's Fees
- 5.40 CALFED Bay-Delta Program
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- 6.00 Project Alterations Limits
- 8.00 Anti-Terrorism Federal Reimbursements
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- 8.51 Federal Funds Accounts
- 8.52 Federal Reimbursements
- 8.53 Notice of Federal Audits
- 9.20 Administrative Costs Associated With the Acquisition of Property
- 9.30 Federal Levy of State Funds
- 9.45 Proposition 40-Reporting Requirements
- 9.50 Minor Capital Outlay Projects
- 11.00 EDP/Information Technology Reporting Requirements
- 11.10 Reporting of Statewide Software License Agreements
- 11.11 Privacy of Information in Pay Stubs
- 12.00 State Appropriations Limit (SAL)
- 12.30 Special Fund for Economic Uncertainties
- 12.32 Proposition 98 Funding Guarantee
- 12.40 Mega-Item Flexibility
- 12.60 Categorical Contingency Transfer Authority for Deficiencies
- 13.00 Legislative Counsel Bureau

- 14.00 Special Fund Loans Between Boards of the Department of Consumer Affairs
 - 15.25 Data Center Rate Adjustment
 - 17.00 Federal Health Insurance Portability and Accountability Act (HIPAA)
 - 24.00 State School Fund Allocations
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 - 24.10 Transfer Surplus of Driver Training Penalty Assessment Fund to the General Fund
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 - 25.50 SCO Apportionment Payment System Assessments
 - 26.00 Intraschedule Transfers
 - 28.00 Program Change Notification
 - 28.50 Agency Reimbursement Payments
 - 29.00 Personnel-Year Estimates of Governor's Budget, May Revision and Final Change Book
 - 30.00 Continuous Appropriations
 - 31.00 Budget Act Administrative Procedures for Salaries and Wages
 - 32.00 Prohibits Excess Expenditures
 - 33.00 Item Veto Severability
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 - 36.00 Provides that the Budget Act is for Usual and Current Expenses
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 - 99.00 Alphabetical Organization Index
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CHAPTER 172

An act to amend and supplement the Budget Act of 2007 by amending Items 0502-001-9730, 0510-001-0001, 0855-001-0367, 1111-003-0001, 1760-001-0001, 1760-001-0666, 2660-001-0042, 2665-001-0046, 2720-001-0044, 3790-001-0001, 3900-001-0044, 3900-001-0115, 3910-001-0387, 3940-001-0001, 3940-001-0193, 4200-101-0001, 4200-101-3019, 4200-105-0001, 4280-101-0001, 4280-111-0232, 4280-111-0233, 4280-112-0232, 4280-112-0233, 4440-011-0001, 4440-103-0001, 4440-115-0001, 5180-101-0001, 5180-101-0514, 5180-101-0890, 5180-111-0001, 5180-141-0001, 5180-141-0890, 5180-151-0001, 5180-403, 5225-101-0001, 6110-009-0001, 6110-111-0001, 6110-113-0001, 6110-188-0001, 6110-227-0001, 6110-485, 6110-495, 7100-001-0514, 7100-001-0870, 8860-001-0001, 8860-002-0001, and 9350-104-6065, of, by adding Items 0690-001-6061, 0690-001-6073, 0690-101-6061, 0690-101-6073, 2660-004-6072, 2660-104-6072, 2660-304-6072, 4280-111-0236, and 6110-111-0046 to, and by repealing Items 0690-001-6054, 0690-101-6054, 2660-004-6053, 2660-004-6056, 2660-004-6060, 2660-104-6053, 2660-104-6056, 2660-104-6060, 2660-304-6053, and 2660-304-6056 of, Section 2.00 of, and by amending Sections 4.05, 12.32, and 35.50 of, and by adding Sections 9.00, 11.15, 24.80, and 29.50 to, that act, relating to the State Budget, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

I object to the following appropriations contained in Senate Bill 78.

Item 1760-001-0666—For support of Department of General Services. I revise this item by deleting Provision 10.

I delete Provision 10, which would require the Department of General Services to provide an implementation progress report on the Fleet Asset Management System.

This reporting requirement would result in an expenditure increase without regard to the availability of revenues. Consequently, I am vetoing this language. Nevertheless, in recognition of the Legislature's desire to obtain this information, it will be addressed as though the request had been included in Supplemental Report language. Therefore, I am instructing that the Director of the Department of General Services comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the Department of General Services' ability to perform its essential functions.

Item 2660-001-0042—For support of Department of Transportation.

I am sustaining the Legislature's augmentation for capital outlay support. In the May Revision, reflecting the large increase of work to be done to implement Proposition 1B as well as Caltrans' work funded from other sources, I proposed additional funding necessary

to use contractual services for engineering, design, environmental studies, and other work needed to ready projects for construction. This was proposed in lieu of expanding state staff in order to speed up delivery of Proposition 1B projects.

The augmentation was based on 90 percent state staff and 10 percent contract staff. Because it will take a year or more to hire and train state staff, I am very concerned that this action will delay projects by a year or more and end up costing more than using contractual services because of salary costs incurred while training new state hires and the impact of inflation on construction costs while projects are delayed. Moreover, because the funding from Proposition 1B is one-time and will be exhausted over the next five years, the hiring of new permanent state staff could lead to the need for future layoffs. An appropriate balance between state staff and contract staff will enable the state to improve its highways, roads, bridges, and railroad crossings immediately. Therefore, I am directing the Director of the Department of Transportation to take all steps necessary to deliver these projects as quickly as possible, including an increased use of contractual services within the funding level the Legislature has provided.

Item 3790-001-0001—For support of Department of Parks and Recreation. I reduce this item from \$145,359,000 to \$130,359,000 by reducing:

(1) For support of the Department of Parks and Recreation from 383,495,000 to \$368,495,000.

I am vetoing \$15,000,000 General Fund on a one-time basis for maintenance at state parks. The Department of Parks and Recreation's existing maintenance budget is approximately \$67,000,000, and a one-time augmentation of \$90,000,000 was provided in 2006-07 to address deferred maintenance needs. Furthermore, Proposition 84 provides \$400,000,000 for the development and rehabilitation of state parks, including deferred maintenance. For these reasons, and in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year, I believe a one-time reduction can be made without a significant impact on the department's ability to perform its essential functions in 2007-08.

Item 3900-001-0044—For support of State Air Resources Board. I reduce this item from \$94,533,000 to \$93,875,000 by reducing:

(1) 15-Mobile Source from \$696,312,000 to \$675,188,000;

(2) 25-Stationary Source from \$53,845,000 to \$53,345,000;

(7) Amount payable from the Air Pollution Control Fund (Item 3900-001-0115) from -\$174,541,000 to -\$154,541,000;

and by deleting:

(9.5) Amount payable from the Energy Resources Programs Account (Item 3900-001-0465) (-\$966,000).

I am reducing Schedule 1 to eliminate the legislative augmentation of \$658,000 and 6.7 positions for additional diesel enforcement efforts. In the past three budgets, I have included additional staff for diesel enforcement every year. In 2005-06, I added 15.3 positions, in 2006-07, I added 5.8 positions, and in the 2007-08 Governor's Budget, I included 6.7 more positions. The Legislature concurred in all of these augmentations, but added 6.7 additional positions this year for reasons which have not been explained. While I recognize that diesel

enforcement is important, these augmentations are all funded by the Motor Vehicle Account, which is facing significant fiscal pressures for other high-priority expenditures. In light of this, and the lack of workload justification for the 6.7 position legislative augmentation, it is necessary to make this reduction in order to preserve Motor Vehicle Account funds for other critical needs.

I am also revising this item to conform to the actions I have taken in Items 3900-001-0115 and 3900-001-0465.

Item 3900-001-0115—For support of State Air Resources Board. I reduce this item from \$174,541,000 to \$154,541,000.

I am deleting the \$20,000,000 legislative augmentation for construction equipment grants that would be funded by increasing vehicle-related fees charged to the citizens of California. This proposal would carve out one industry, construction, for a state subsidy to comply with proposed air quality regulatory requirements. This focus on a single industry is inconsistent with the Air Board's overall approach to regulating air quality.

I am sustaining the \$1,000,000 fund shift from General Fund to the Air Pollution Control Fund (APCF) for legal defense costs associated with Chapter 200, Statutes of 2002 and associated provisional language. I note, however, that the resources expected to be available in the APCF are quite limited. Consequently, should the legal defense costs exceed the \$1,000,000 provided in this item, the Air Board will likely request General Fund deficiency funding rather than additional resources from the APCF.

Item 3940-001-0001—For support of State Water Resources Control Board. I reduce this item from \$39,344,000 to \$39,102,000 by reducing:

- (1) 10-Water Quality from \$463,986,400 to \$459,499,400, and
- (5) Reimbursements from -\$14,244,000 to -\$9,999,000.

I am eliminating a legislative augmentation of \$242,000 and 2.0 positions to accelerate the development of Total Maximum Daily Load standards (TMDLs) in the North Coast Regional Water Board. I support the expeditious implementation of TMDLs throughout the state. However, I believe this can be accomplished within existing resources. In addition, this reduction is necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. With this reduction, \$1,100,000 still remains to support the development of North Coast Regional Water Board TMDLs.

I am also eliminating a legislative augmentation of \$4,245,000 in reimbursement authority for water basin planning. My budget proposed funding water basin planning from Chapter 9 of Proposition 84. The Legislature shifted this funding to reimbursements, to be provided by the Department of Water Resources from funds made available by Chapter 4 of Proposition 84. However, notwithstanding the merits of this program, it is not appropriately funded from Chapter 4 of Proposition 84, which requires the funding to be used for statewide, rather than basin-specific, water planning activities. With this reduction, \$6,600,000 still remains to support water basin planning.

Item 4280-101-0001—For local assistance of the Managed Risk Medical Insurance Board. I reduce this item from \$373,832,000 to \$372,429,000 by reducing:

- (2) 40-Healthy Families Program from \$1,032,841,000 to \$1,028,942,000, and
- (3) Amount payable from the Federal Trust Fund (Item 4280-101-0890) from

-\$732,337,000 to -\$729,841,000.

I am deleting \$3,899,000 (\$1,403,000 General Fund and \$2,496,000 Federal Trust Fund) to conform to the action I have taken in Item 4280-001-0001, related to the delayed implementation of SB 437 (Chapter 328, Statutes of 2006).

Item 5180-101-0001—For local assistance, Department of Social Services. I reduce this item from \$2,210,356,000 to \$2,207,412,000 by reducing:

(2) 16.65-Other Assistance Payments from \$1,324,322,000 to \$1,321,378,000.

I am reducing by \$2,944,000 the augmentation I included in the May Revision to fund local food banks and Foodlink to provide relief to Californians from the effects of last winter's severe weather conditions. This reduction in funding is possible due to a decrease in the number of disaster victims being served and a reduced timeframe that these victims will require services. This action will in no way affect the services being provided to victims of the freeze disaster.

Item 5180-141-0001—For local assistance, Department of Social Services. I reduce this item from \$437,764,000 to \$432,941,000 by reducing:

(1) 16.75-County Administration and Automation Projects from \$1,085,916,000 to \$1,073,349,000;

(2) Reimbursements from -\$57,871,000 to -\$54,951,000; and

(3) Amount payable from the Federal Trust Fund (Item 5180-141-0890) from -\$590,281,000 to -\$585,457,000.

I am deleting the legislative augmentation of \$12,567,000 (\$4,823,000 General Fund, \$2,920,000 Reimbursements, and \$4,824,000 Federal Trust Fund) for workstation replacement and help desk support of the Statewide Automated Welfare System, including the CalWORKs Information Network. Although I understand that workstations need to be replaced on a regular basis, this reduction is needed to build a prudent reserve. In addition, I believe this cost may be paid from funds provided for general county administration.

I am also reducing \$2,130,000 in Item 4260-101-0001 and \$2,130,000 in Item 4260-101-0890 to conform to this action.

Item 5180-141-0890—For local assistance, Department of Social Services. I reduce this item from \$590,281,000 to \$585,457,000 and delete Provision 2.

I am reducing this item to conform to the action I have taken in Item 5180-141-0001 related to workstation replacement and help desk support.

Item 5180-151-0001—For local assistance, Department of Social Services. I reduce this item from \$756,589,000 to \$739,528,000 by reducing:

(1) 25.30-Children and Adult Services and Licensing from \$2,077,314,000 to \$2,056,169,000;

(3) Reimbursements from -\$115,875,000 to -\$115,707,000; and

(6) Amount payable from the Federal Trust Fund (Item 5180-151-0890) from -\$1,222,557,000 to -\$1,218,641,000.

In order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year, I am deleting the legislative augmentation of \$12,000,000 General Fund for the Adult Protective Services program. This veto maintains funding for the program at the level proposed in the May Revision.

I am deleting the legislative augmentation of \$5,135,000 (\$2,467,000 General Fund, \$168,000 Reimbursements, and \$2,500,000 Federal Trust Fund) for workstation replacement of the Child Welfare Services/Case Management System. Although I understand that workstations need to be replaced on a regular basis, this reduction is needed to build a prudent reserve. I am reducing Item 0530-001-9732 by \$5,135,000 to conform to this action.

I am reducing this item by \$4,010,000 (\$2,594,000 General Fund and \$1,416,000 Federal Trust Fund) on a one-time basis. This funding would have provided resources to counties for sibling searches in the Adoptions Program and to help prevent foster youth identity theft, pursuant to legislation enacted in the 2006-07 fiscal year. I am suspending implementation of these programs by one year to further build a prudent reserve and I am directing the Department of Social Services to notify counties that these activities should be suspended during this fiscal year.

Item 5225-101-0001—For local assistance, California Department of Corrections and Rehabilitation. I reduce this item from \$336,791,000 to \$321,891,000 by deleting:

- (8) 60.01-County Juvenile Justice Planning Grants (\$4,900,000);
 - (9) 60.02-County Juvenile Justice Competitive Grants (\$10,000,000);
- and Provision 10.

I am deleting the \$4,900,000 legislative augmentation, which was intended to provide one-time grants to all counties to plan for changes in state law governing county custody and rehabilitative services for youthful offenders whose offenses are not listed in Welfare and Institutions Code Section 707(b). I am also deleting the \$10,000,000 legislative augmentation, which was intended to provide one-time competitive grants to counties for additional planning and development efforts related to the juvenile offender population that will now be housed locally. These reductions are necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

I am deleting Provision 10 to conform to this action.

Item 7100-001-0870—For support of Employment Development Department. I revise this item by reducing:

- (1) 10-Employment and Employment Related Services from \$180,125,000 to \$168,065,000, and
- (10) Amount payable from the Employment Development Contingent Fund (Item 7100-001-0185) from -\$79,495,000 to -\$67,435,000.

I am revising this item to conform to the action I have taken in Item 7100-001-0185.

Item SEC. 29.50—2008-09 State Operations and Capital Outlay Budget Restrictions. I delete this Control Section.

This Control Section provides legislative intent language to assist me in preparing the 2008-09 Budget that I will propose. The intent language directs the Department of Finance not to include funding in the Budget for various issues that evidently are low priorities for the Legislature. While controlling expenditures is a worthy and laudable goal every year, I do not think it is appropriate to predetermine funding decisions now, and I will propose a Budget that reflects my spending priorities within available fiscal resources. I believe it is important that the full and deliberative process take place for each and every program.

California taxpayers expect that we all do our job completely each year, and I would miss an opportunity to continue discussions on these important issues with my legislative friends next year; therefore, I am deleting this control section.

With the above deletions, revisions, and reductions, I hereby approve Senate Bill 78.

Schwarzenegger, Arnold

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

SECTION 1. Item 0502-001-9730 of Section 2.00 of the Budget Act of 2007 is amended to read:

0502-001-9730—For support of the Office of the Chief Information Officer, payable from the Department of Technology Services Revolving Fund.....	4,640,000
Schedule:	
(1) Office of the Chief Information Officer.....	4,640,000

Provisions:

1. By March 1, 2008, the Office of the Chief Information Officer shall deliver a five-year project plan for achieving the administration’s stated direction of improving the state’s information technology (IT) effectiveness. The project plan shall include a timeline, milestones, and well-defined deliverables that include, but are not limited to: (a) a minimum skill set for state IT project managers, including the state budgeting and contracting processes, (b) a process by which IT project managers will be certified to the minimum skill level before they assume an IT project leadership assignment, and (c) a process for identifying and applying current technologies to enable data sharing across state systems as a means to reduce state business and IT process redundancy and inefficiencies.

SEC. 2. Item 0510-001-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

0510-001-0001—For support of Secretary of State and Consumer Services.....	1,649,000
Schedule:	
(1) Support.....	2,271,000
(2) Reimbursements.....	-622,000

SEC. 3. Item 0690-001-6054 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 4. Item 0690-001-6061 is added to Section 2.00 of the Budget Act of 2007, to read:

0690-001-6061—For support of the Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Transit System Safety, Security, and Disaster Response Account.....	1,456,000
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SEC. 5. Item 0690-001-6073 is added to Section 2.00 of the Budget Act of 2007, to read:

0690-001-6073—For support of the Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Port and Maritime Security Account.....	1,105,000
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SEC. 6. Item 0690-101-6054 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 7. Item 0690-101-6061 is added to Section 2.00 of the Budget Act of 2007, to read:

0690-101-6061—For support of the Office of Emergency Services, payable from the Transit System Safety, Security, and Disaster Response Account.....	100,000,000
Schedule:	
(1) 10-Support of Office of Homeland Security.....	100,000,000

SEC. 8. Item 0690-101-6073 is added to Section 2.00 of the Budget Act of 2007, to read:

0690-101-6073—For local assistance, Office of Emergency Services, payable from the Port and Maritime Security Account.....	40,000,000
Schedule:	
(1) 10-Support of Office of Homeland Security.....	40,000,000

SEC. 9. Item 0855-001-0367 of Section 2.00 of the Budget Act of 2007 is amended to read:

0855-001-0367—For support of California Gambling Control Commission, payable from the Indian Gaming Special Distribution Fund.....	8,029,000
Schedule:	
(1) 10-California Gambling Control Commission.....	8,029,000

SEC. 10. Item 1111-003-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

1111-003-0001—For support of Office of Privacy Protection, Department of Consumer Affairs.....	395,000
Schedule:	
(1) 40-Office of Privacy Protection.....	430,000
(2) Reimbursements.....	-35,000

SEC. 11. Item 1760-001-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

1760-001-0001—For support of Department of General Services, for payment to Item 1760-001-0666.....	11,794,000
Provisions:	
1. The amount appropriated in this item is for State Capitol repairs.	

SEC. 12. Item 1760-001-0666 of Section 2.00 of the Budget Act of 2007 is amended to read:

1760-001-0666—For support of Department of General Services, payable from the Service Revolving Fund.....	718,655,000
Schedule:	
(1) Program support.....	979,445,000
(2) Distributed services.....	-11,145,000
(3) Reimbursements—Lease revenue.....	-129,000
(5) Amount payable from the General Fund (Item 1760-001-0001).....	-11,794,000
(6) Amount payable from the General Fund (Item 1760-002-0001).....	-338,000
(7) Amount payable from the Property Acquisition Law Money Account (Item 1760-001-0002).....	-4,674,000

(8) Amount payable from the Motor Vehicle Parking Facilities Moneys Account (Item 1760-001-0003).....	-2,238,000
(9) Amount payable from the State Emergency Telephone Number Account (Item 1760-001-0022).....	-2,308,000
(10) Amount payable from the State Motor Vehicle Insurance Account (Item 1760-001-0026).....	-5,534,000
(11) Amount payable from the Indian Gaming Special Distribution Fund (Item 1760-001-0367).....	-50,000
(12) Amount payable from the Seismic Gas Valve Certification Fee Account (Item 1760-001-0450).....	-75,000
(13) Amount payable from the Energy Resources Programs Account (Item 1760-001-0465).....	-1,549,000
(14) Amount payable from the Architecture Revolving Fund (Item 1760-001-0602).....	-41,283,000
(15) Amount payable from the State School Building Aid Fund (Item 1760-001-0739).....	-289,000
(16) Amount payable from the State School Deferred Maintenance Fund (Item 1760-001-0961).....	-153,000
(17) Amount payable from the 2004 State School Facilities Fund (Item 1760-001-6044).....	-12,525,000
(18) Amount payable from the 2006 State School Facilities Fund (Item 1760-001-6057).....	-575,000
(19) Amount payable from the Motor Vehicle Parking Facilities Moneys Account (Item 1760-002-0003).....	-1,094,000
(20) Amount payable from the Service Revolving Fund (Item 1760-002-0666).....	-150,619,000
(21) Amount payable from the Service Revolving Fund (Item 1760-003-0666).....	-14,418,000

Provisions:

1. Notwithstanding any other provision of law, revenues from the sale of legislative bills and publications received by the Legislative Bill Room shall be deposited in the Service Revolving Fund.
2. Notwithstanding any other provision of law, if the Director of General Services determines in writing that there is insufficient cash in a special fund under his or her authority to make one or more payments currently due and payable, he or she may order the transfer of moneys to that special fund in the amount necessary to make payment or payments, as a loan from the Service Revolving Fund. That loan shall be subject to all of the following conditions:
 - (a) No loan shall be made that would interfere with the carrying out of the object for which the Service Revolving Fund was created.
 - (b) The loan shall be repaid as soon as there are sufficient moneys in the recipient fund to repay the amount loaned, but no later than 18 months after the date of the loan. The amount loaned shall not exceed the amount that the fund or program is authorized at the time of the loan to expend during the 2007–08 fiscal year from the recipient fund except as otherwise provided in Provisions 4, 5, and 6.
 - (c) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards.
3. The Director of General Services may augment this item or any of Items 1760-001-0002, 1760-001-0003, 1760-001-0026, and 1760-001-0602, by up to an aggregate of 10 percent in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the Department of General Services (DGS) and the corresponding expenditure authority has not been provided in this item or (b) a local government entity or the federal government has requested services from the DGS. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process. If the Director of

General Services augments this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602, the DGS shall notify the Department of Finance within 30 days after that augmentation is made as to the amount, justification, and the program augmented. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services or the purchase of goods without the prior written consent of the Department of Finance. The Director of General Services shall not use this provision to augment this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 for costs that the Department of General Services had knowledge of in time to include in the May Revision.

4. If this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 is augmented pursuant to Provision 3 by the maximum allowed under that provision, the Director of Finance may further augment the item or items in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the Department of General Services (DGS) and the corresponding expenditure authority has not been provided in these items, or (b) a local government entity or the federal government has requested services from the DGS. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process. The Director of Finance shall not use this provision to augment this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 for costs that the Departments of Finance or General Services had knowledge of in time to include in the May Revision.
5. The Director of General Services may augment this item and Items 1760-001-0026 and 1760-001-0003 to increase authorized expenditures by the Office of State Publishing, the Office of Risk and Insurance Management, the Office of Fleet Administration, the Office of Energy Management, and the Office of Public Safety Radio Services. The augmentation shall be for the specific purpose of enabling the Office of State Publishing, the Office of Risk and Insurance Manage-

ment, the Office of Fleet Administration, the Energy Services Program, and the Office of Public Safety Radio Services to provide competitive services to their customers (including local government entities or the federal government) and may be made only if the office has sufficient operating reserves available to fund the augmentation. If the Director of General Services proposes to augment either of the items in this provision, the director shall notify the Department of Finance, the chairpersons of the fiscal committees of each house of the Legislature, and the Chairperson of the Joint Legislative Budget Committee 30 days prior to making the augmentation, including the amount, justification, and the office augmented. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process.

6. Any augmentation made pursuant to Provisions 3 and 4 shall be reported in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee within 30 days of the date the augmentation is approved. This notification shall be provided in a format consistent with normal budget change requests, including identification of the amount of, and justification for, the augmentation, and the program that has been augmented. Copies of the notification shall be provided to the Department of Finance.
7. Notwithstanding any other provision of law, the Director of General Services or his or her designee, in lieu of the Director of Finance, is authorized to approve Budget Revision, Standard Form 26, subject to a copy being provided to the Department of Finance.
8. Notwithstanding any other provision of law, due to the inability to issue energy efficiency revenue bonds pursuant to Chapter 2.7 (commencing with Section 15814.10) of Part 10b of Division 3 of Title 2 of the Government Code, in order to repay the General Fund for the cost of completing energy efficiency projects on specified buildings, the Department of General Services shall, within 10 fiscal years, recover an amount sufficient to repay the costs associated with completed energy efficiency projects plus 5 percent

interest, through utility rates charged to tenants. On August 1 of each fiscal year beginning with the 2005–06 fiscal year, the Department of General Services shall transfer that amount to the General Fund. Once the General Fund has been fully repaid, the Department of General Services shall adjust utility rates for all tenants to accurately reflect the current rates.

9. The Director of Finance is authorized to increase this item for purposes of funding tenant improvement projects to facilitate the backfill of vacant space within stand-alone Department of General Services (DGS) bond funded office buildings. This provision shall only be used to augment expenditure authority for DGS stand-alone individual rate office buildings where a \$0.03 tenant improvement surcharge has been approved by the Department of Finance and is included in the monthly rental rate. Department of Finance approval is contingent upon justification for the proposed tenant improvement projects to be provided by the DGS including an analysis of cost impacts and how the tenant improvements will improve the state's utilization of the facility. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services without the prior written consent of the Department of Finance. Any augmentation made pursuant to this provision may be authorized not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.
10. The Department of General Services shall provide an implementation progress report to the Department of Finance and the appropriate fiscal committees of the Legislature on April 1, 2009, and on April 1, 2010, to provide the status of the following areas: (a) progress on meeting statewide fleet utilization targets, (b) disposal of vehicles not meeting minimum utilization standards, (c) trend of statewide fleet size, (d) trend of statewide fleet average fuel efficiency, (e) timeframes associated with producing standard and ad hoc reports, and (f) savings and cost avoidances achieved

to date and potential for additional savings and cost avoidances.

SEC. 13. Item 2660-001-0042 of Section 2.00 of the Budget Act of 2007 is amended to read:

2660-001-0042—For support of Department of Transportation, payable from the State Highway Account, State Transportation Fund.....	2,604,048,000
Schedule:	
(1) 10-Aeronautics.....	3,436,000
(2) 20.10-Highway Transportation—Capital Outlay Support.....	1,610,517,000
(3) 20.30-Highway Transportation—Local Assistance.....	39,829,000
(4) 20.40-Highway Transportation—Program Development.....	75,198,000
(5) 20.65-Highway Transportation—Legal.....	78,337,000
(6) 20.70-Highway Transportation—Operations.....	187,143,000
(7) 20.80-Highway Transportation—Maintenance.....	1,130,082,000
(8) 30-Mass Transportation.....	124,813,000
(9) 40-Transportation Planning.....	104,337,000
(10) 50.00-Administration.....	375,982,000
(11) 60.10-Equipment Service Program Costs.....	179,942,000
(11.5) 60.20-Distributed Equipment Service Program Costs.....	-179,942,000
(12) Reimbursements.....	-328,261,000
(13) Amount payable from the Aeronautics Account, State Transportation Fund (Item 2660-001-0041).....	-3,374,000
(14) Amount payable from the Bicycle Transportation Account, State Transportation Fund (Item 2660-001-0045).....	-10,000
(15) Amount payable from the Public Transportation Account, State Transportation Fund (Item 2660-001-0046).....	-142,503,000

- (16) Amount payable from the Historic Property Maintenance Fund (Item 2660-001-0365)..... -1,557,000
- (16.5) Amount payable from the Seismic Retrofit Bond Fund of 1996 (Section 8879.3 of the Government Code)..... -593,000
- (17) Amount payable from the Federal Trust Fund (Item 2660-001-0890).... -529,838,000
- (18) Amount payable from the Transportation Financing Subaccount, State Highway Account, State Transportation Fund (Item 2660-001-6801)..... -11,066,000
- (19) Amount payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6072)..... -8,281,000
- (21) Amount payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6055)..... -14,085,000
- (23) Amount payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6058)..... -63,188,000
- (24) Amount payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6059).... -1,047,000
- (26) Amount payable from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6062)..... -86,000

- (27) Amount payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6063)..... -547,000
- (28) Amount payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6064)..... -21,190,000

Provisions:

1. For purposes of the funds appropriated in Schedules (2) to (7), inclusive, Program 20—Highway Transportation, upon approval of the Department of Finance, the Department of Transportation shall notify the chairpersons of the fiscal committees of both houses of the Legislature and the Chairperson of the Joint Legislative Budget Committee at least 20 days prior to spending funds to expand activities above budgeted levels or to implement a new activity not identified in this act, including any of those expenditures to be funded through a transfer of moneys from other expenditure categories or programs, except in the case of emergency work increases caused by fire, snow, storm, or earth movement damage.
2. From funds appropriated in this item, the Department of Transportation may enter into interagency agreements with the Department of the California Highway Patrol to compensate that department for the cost of work performed by patrol officers at or near state highway construction projects so as to reduce the risk of occurrence of serious motor vehicle accidents.
3. Notwithstanding any other provision of law, funds appropriated in this item from the State Highway Account may be reduced and replaced by an equivalent amount of federal funds determined by the Department of Transportation to be available and necessary to comply with Section 8.50 and the most effective management of state transportation resources. Not more than 30 days after replacing the state funds with federal funds, the Director of Finance shall notify in writing the chairpersons of the committees in each

house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.

4. Notwithstanding any other provision of law, funding appropriated in this item may be transferred to Item 2660-005-0042 to pay for any necessary insurance, debt service, and other financing-related expenditures for Department of Transportation-owned office buildings. Any transfer will require the prior approval of the Department of Finance.
5. The funds appropriated in Schedule (2) for external consultant and professional services related to project delivery (also known as 232 contracts) that are unencumbered or encumbered but unexpended related to work that will not be performed during the fiscal year shall revert to the fund from which they were appropriated.
6. Notwithstanding any other provision of law, funds appropriated in this item may be supplemented with federal funding appropriation authority and with prior fiscal year State Highway Account appropriation balances at a level determined by the Department of Transportation as required to process claims utilizing federal advance construction through the plan of financial adjustment process pursuant to Sections 11251 and 16365 of the Government Code.
7. Of the funds appropriated in Schedule (7), \$588,000 is for the maintenance of the new Route 125 toll road in San Diego County. This full amount shall not be available for expenditure until the Department of Transportation has entered into a contract with the contractor for the year in which funds are to be expended.
8. Notwithstanding any other provision of law, funds appropriated in Item 2660-001-0042, 50.00-Administration from the State Highway Account, may be reduced and replaced by an equivalent amount of Reimbursements funds determined by the Department of Transportation to be available and necessary to comply with Section 28.50 and the most effective management of state transportation resources. The Reimbursements Account may also be reduced and replaced by an equivalent amount of funds from the State Highway

Account. Not more than 30 days after replacing the State Highway Account funds with Reimbursements funds and vice versa, the Director of Finance shall notify in writing the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.

9. Not more than \$1,400,000 appropriated in this item is available for support of the Department of Transportation's Owner Controlled Insurance Program to administer insurance coverage for contractors on projects with combined total costs not to exceed \$750,000,000.
10. Of the funds appropriated in this item, \$214,000,000 is for major maintenance contracts for the preservation of highway pavement, and shall not be used to supplant any other funding that would have been used for major pavement maintenance.
11. Of the funds appropriated in Schedule (5), \$48,600,000 is for the payment of tort lawsuit claims and awards. Any funds for that purpose that are unencumbered as of April 1, 2008, may be transferred to Item 2660-302-0042. Any transfer shall require the prior approval of the Department of Finance.
12. Of the funds appropriated in Schedule (7), \$7,167,000 shall be used to fund expansion of the Department of Transportation's 800 MHz Radio System in District 10.
13. Of the funds appropriated in Schedule (2), \$1,742,000 shall be used to fund 2.0 positions and contracts for the monitoring of underground storage tank sites.
14. Of the funds appropriated in Schedule (6), \$1,200,000 shall be used to fund a two-year pilot project to test the viability of purchasing real-time traffic data collected from virtual traffic monitoring stations.
15. Of the funds appropriated in Schedules (6) and (7), \$11,206,000 shall be used for the maintenance, engineering, and repair of intelligent transportation systems and the associated field elements.
16. Of the funds appropriated in Schedule (8), \$6,552,000 shall be available to pay for increased Amtrak operating costs once an agreement is signed by both the Department of Transportation and the Office of State Audits and Evaluations in the Department of Finance

for an audit of the Department of Transportation’s intercity rail program. Phase I of this audit, to be completed no later than December 31, 2007, shall include, but not be limited to, an accurate measure of the daily average and peak ridership for each segment of Caltrans’ intercity rail routes, actual existing rail equipment availability and ridership capacity, train schedules, and trainset configurations utilized to support ridership demand. Phase II of this audit, to be completed by March 31, 2008, shall include, but not be limited to, an accurate measure of Caltrans’ methodology for forecasting future ridership and rail equipment requirements.

- 18. Of the funds appropriated in this item, \$125,000 shall be used for the reimbursement of the Office of State Audits and Evaluations within the Department of Finance for audit and consulting services related to the Department of Transportation’s administration of the workers’ compensation system. Upon completion of the audit report, the Office of State Audits and Evaluations shall provide a copy to the appropriate fiscal committees of the Legislature and the Legislative Analyst.

SEC. 14. Item 2660-004-6053 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 15. Item 2660-004-6056 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 16. Item 2660-004-6060 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 17. Item 2660-004-6072 is added to Section 2.00 of the Budget Act of 2007, to read:

2660-004-6072—For support of Department of Transportation,
 for payment to Item 2660-001-0042, payable from the State
 Route 99 Account, Highway Safety, Traffic Reduction,
 Air Quality, and Port Security Fund of 2006..... 8,281,000

SEC. 18. Item 2660-104-6053 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 19. Item 2660-104-6056 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 20. Item 2660-104-6060 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 21. Item 2660-104-6072 is added to Section 2.00 of the Budget Act of 2007, to read:

2660-104-6072—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 1,000

Schedule:

(1) 20.30-Highway Transportation—Local Assistance..... 1,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6072. These transfers shall require the prior approval of the Department of Finance.

SEC. 22. Item 2660-304-6053 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 23. Item 2660-304-6056 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 24. Item 2660-304-6072 is added to Section 2.00 of the Budget Act of 2007, to read:

2660-304-6072—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 5,999,000

Schedule:

(1) 20-Highway Transportation..... 5,999,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation through June 30, 2013.

2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6072. These transfers shall require the prior approval of the Department of Finance.
5. Notwithstanding any other provision of law, funds appropriated in this item may be increased by up to \$24,750,000 upon approval of the Department of Finance.

SEC. 25. Item 2665-001-0046 of Section 2.00 of the Budget Act of 2007 is amended to read:

2665-001-0046—For support of High-Speed Rail Authority, Program 10-High-Speed Rail Authority, payable from the Public Transportation Account, State Transportation Fund..... 1,159,000

Schedule:

(1) 10-High-Speed Rail Authority.....	4,659,000
(2) Reimbursements.....	-3,500,000

SEC. 26. Item 2720-001-0044 of Section 2.00 of the Budget Act of 2007 is amended to read:

2720-001-0044—For support of Department of the California Highway Patrol, payable from the Motor Vehicle Account, State Transportation Fund..... 1,624,459,000

Schedule:

(1) 10-Traffic Management.....	1,585,686,000
(2) 20-Regulation and Inspection.....	181,737,000
(3) 30-Vehicle Ownership Security.....	42,047,000
(4) 40.01-Administration.....	302,056,000
(5) 40.02-Distributed Administration.....	-302,056,000
(6) Reimbursements.....	-106,048,000
(7) Amount payable from the State Highway Account (Item 2720-001-0042)....	-57,477,000
(8) Amount payable from the Motor Carrier Safety Improvement Fund (Item 2720-001-0293).....	-2,341,000
(9) Amount payable from the California Motorcyclist Safety Fund (Item 2720-001-0840).....	-1,450,000
(10) Amount payable from the Federal Trust Fund (Item 2720-001-0890)....	-15,434,000

- (11) Amount payable from the Hazardous Substance Account, Special Deposit Fund (Item 2720-001-0942)..... -207,000
- (12) Amount payable from the Asset Forfeiture Account, Special Deposit Fund (Item 2720-011-0942)..... -2,054,000

Provisions:

1. On March 1, 2008, and each March 1 thereafter until the project is fully implemented, the department shall report the status of the California Highway Patrol Enhanced Radio System to the appropriate fiscal and policy committees of the Legislature and the Joint Legislative Budget Committee. At a minimum, each report shall include all of the following: (a) a revised estimate of total project costs and activities, by fiscal year, including separate reporting on the categories of mobiles, portables, remote site equipment, Department of General Services costs, and other; (b) a description of any changes in the project scope including the type and number of hardware units needed, and changes to the frequencies used; and (c) a description of any adverse effects to interoperability caused by changes in usage of new technology by local agencies or other state agencies.
2. Of the funds appropriated in this item, \$10,000,000 shall be to conduct tactical alerts in response to declared emergencies and immediate threats to public safety. For purposes of this provision, a tactical alert occurs when officers are placed on 12-hour shifts to enhance emergency preparedness and provide an immediate increase in the levels of security provided to Californians. If the amount used for tactical alerts is less than \$10,000,000, the balance shall revert to the Motor Vehicle Account.
 - (a) Of the funds appropriated in this provision, \$5,000,000 shall be immediately available and used only for overtime expenses associated with conducting tactical alerts.
 - (b) Of the funds appropriated in this provision, \$5,000,000 shall become available and used only for the purposes described in subdivision (a) after submittal of a report to the Joint Legislative Budget Committee on the expenditure of funds

make available under subdivision (a). The report shall provide a detailed description of the expenditures made and the planned expenditures from the funds made available to the department pursuant to this provision.

- (c) No later than December 31 of each year, the department shall submit a report to the Joint Legislative Budget Committee, and the appropriate fiscal and policy committees of each house, on the activities and expenditures for the previous fiscal year for tactical alerts.
- 3. Of the funds appropriated in this item, \$7,000,000 shall be directed to increase the Department of the California Highway Patrol’s support for police and sheriffs in anti-gang activities.

SEC. 27. Item 3790-001-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

3790-001-0001—For support of Department of Parks and Recreation.....	145,359,000
Schedule:	
(1) For support of the Department of Parks and Recreation.....	383,495,000
(2) Reimbursements.....	-32,199,000
(3) Less funding provided by capital outlay.....	-4,000,000
(4) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3790-001-0005).....	-6,639,000
(5) Amount payable from the California Environmental License Plate Fund (Item 3790-001-0140).....	-3,264,000
(6) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3790-001-0235).....	-11,258,000
(7) Amount payable from the Off-Highway Vehicle Trust Fund (Item 3790-001-0263).....	-42,336,000

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| (8) Amount payable from the State Parks and Recreation Fund (Item 3790-001-0392)..... | -121,173,000 |
| (9) Amount payable from the Winter Recreation Fund (Item 3790-001-0449)..... | -390,000 |
| (10) Amount payable from the Harbors and Watercraft Revolving Fund (Item 3790-001-0516)..... | -814,000 |
| (11) Amount payable from the Federal Trust Fund (Item 3790-001-0890)..... | -6,341,000 |
| (12) Amount payable from the California Main Street Program Fund (Item 3790-001-3077)..... | -175,000 |
| (13) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3790-001-6029)..... | -4,433,000 |
| (14) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3790-001-6031)..... | -491,000 |
| (15) Amount payable from Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3790-001-6051)..... | -4,623,000 |

Provisions:

1. Of the funds appropriated by this act from the General Fund and special funds, other than the Off-Highway Vehicle Trust Fund and bond funds, to the Department of Parks and Recreation for local assistance grants to local agencies, the department may allocate an amount not to exceed 3.7 percent of each project's allocation, except to the extent otherwise restricted by law, to allow the department to administer its grants. Those funds shall be available for encumbrance or expenditure until June 30, 2013.
2. It is the intent of the Legislature that salaries, wages, operating expenses, and positions associated with implementing specific Department of Parks and Recreation capital outlay projects continue to be funded through capital outlay appropriations, and that these

funds should also be reflected in the department's state operations budget in the Governor's Budget as a special item of expense reflecting the funding provided from the capital outlay appropriations.

3. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund, in an amount not to exceed 35 percent of reimbursements appropriated in this item to the Department of Parks and Recreation, provided that:
 - (a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for services provided.
 - (b) The loan is for a short term and shall be repaid by September 30, 2008.
 - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time that the chairperson of the joint committee or his or her designee may determine.
4. The augmentation of \$1,711,000 in Schedule (7) is to be used to fund restoration activities within state parks in which off-highway vehicle activity is or has been permitted, including areas where off-highway vehicle recreation has been determined to not be appropriate.
5. Notwithstanding Section 4.11 or any other provision of law, up to 61 positions initially authorized in accordance with Schedule (15) shall not be abolished pursuant to Section 12439 of the Government Code prior to June 30, 2015.
6. Schedule (1) includes \$4,104,000 for remediation and treatment activities at Empire Mine State Historic Park. Notwithstanding any other provision of law, these funds shall be available for expenditure upon the approval of the Director of Finance, after the submission by the Department of Parks and Recreation of detailed

information on the activities to be funded and their cost.

- 7. The Department of Parks and Recreation shall have a celebration at the Allensworth State Park on the one hundredth anniversary of the founding of the town of Allensworth, and this celebration shall be done within the department’s existing resources.
- 8. It is the intent of the Legislature that the Department of Parks and Recreation shall prioritize funds appropriated to the department from the Harbors and Watercraft Revolving Fund and the Motor Vehicle Fuel Account, Transportation Tax Fund, for boating-related activities that include, but are not limited to, major and minor capital outlay projects, boating trails, boating trail grants, boating trails access facilities, beach erosion grants, and state park boating facilities operations and maintenance costs.

SEC. 28. Item 3900-001-0044 of Section 2.00 of the Budget Act of 2007 is amended to read:

3900-001-0044—For support of State Air Resources Board, payable from the Motor Vehicle Account, State Transportation Fund.....	94,533,000
Schedule:	
(1) 15-Mobile Source.....	696,312,000
(2) 25-Stationary Source.....	53,845,000
(3) 30.01-Program Direction and Support....	14,620,000
(4) 30.02-Distributed Program Direction and Support.....	-14,620,000
(5) Reimbursements.....	-5,075,000
(6) Amount payable from the General Fund (Item 3900-001-0001).....	-2,435,000
(7) Amount payable from the Air Pollution Control Fund (Item 3900-001-0115).....	-174,541,000
(8) Amount payable from the Vehicle Inspection and Repair Fund (Item 3900-001-0421).....	-13,252,000
(9) Amount payable from the Air Toxics Inventory and Assessment Account (Item 3900-001-0434).....	-869,000

- (9.5) Amount payable from the Energy Resources Programs Account (Item 3900-001-0465)..... -966,000
- (10) Amount payable from the Federal Trust Fund (Item 3900-001-0890)..... -13,963,000
- (11) Amount payable from the Non-Toxic Dry Cleaning Incentive Trust Fund (Item 3900-001-3070)..... -1,523,000
- (12) Amount payable from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 3900-001-6053)..... -193,000,000
- (13) Amount payable from the California Ports Infrastructure, Security, and Air Quality Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 3900-001-6054)..... -250,000,000

Provisions:

- 1. Of the funds appropriated in this item, \$5,000,000 shall be expended to support hydrogen fueling stations and shall be available, notwithstanding subdivision (a) of Section 1.80, for expenditure until June 30, 2010.

SEC. 29. Item 3900-001-0115 of Section 2.00 of the Budget Act of 2007 is amended to read:

3900-001-0115—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Air Pollution Control Fund..... 174,541,000

Provisions:

- 2. Of this amount, \$1,000,000 is to cover litigation expenses associated with Chapter 200 of the Statutes of 2002.
- 6. Of the positions authorized under this item, 2.0 positions shall be used to staff those committees established pursuant to Section 38591 of the Health and Safety Code. The committees established by Section 38591 of the Health and Safety Code shall be subject to state public notice and open meeting laws.

SEC. 30. Item 3910-001-0387 of Section 2.00 of the Budget Act of 2007 is amended to read:

3910-001-0387—For support of California Integrated Waste Management Board, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....	43,669,000
Schedule:	
(1) 11-Waste Reduction and Management.....	88,288,000
(2) 30.01-Administration.....	9,702,000
(3) 30.02-Distributed Administration.....	-9,702,000
(4) Reimbursements.....	-335,000
(5) Amount payable from the California Used Oil Recycling Fund (Item 3910-001-0100).....	-4,934,000
(6) Amount payable from the California Used Oil Recycling Fund (paragraph (4) of subdivision (a) of Section 48653 of the Public Resources Code).....	-716,000
(7) Amount payable from the California Used Oil Recycling Fund (paragraph (1) of subdivision (a) of Section 48653 of the Public Resources Code).....	-3,300,000
(8) Amount payable from the California Tire Recycling Management Fund (Item 3910-001-0226).....	-21,977,000
(9) Amount payable from the Recycling Market Development Revolving Loan Account, Integrated Waste Management Fund (Item 3910-001-0281).....	-970,000
(10) Amount payable from the Solid Waste Disposal Site Cleanup Trust Fund (Item 3910-001-0386).....	-572,000
(11) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 3910-006-0387).....	-640,000
(12) Amount payable from the Farm and Ranch Solid Waste Cleanup and Abatement Account (Item 3910-001-0558).....	-1,107,000

- (13) Amount payable from the Rigid Container Account (Item 3910-001-3024)..... -162,000
- (14) Amount payable from the Electronic Waste Recovery and Recycling Account (Item 3910-001-3065)..... -9,906,000

Provisions:

1. Notwithstanding subdivision (h) of Section 42023.1 of the Public Resources Code, the California Integrated Waste Management Board may offset the costs of administering the revolving loan program for Recycling Market Development Zones with funds appropriated in this item.
2. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

SEC. 31. Item 3940-001-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

3940-001-0001—For support of State Water Resources Control Board.....	39,344,000
Schedule:	
(1) 10-Water Quality.....	463,986,400
(2) 20-Water Rights.....	11,213,600
(3) 30.01-Administration.....	19,656,000
(4) 30.02-Distributed Administration.....	-19,656,000
(5) Reimbursements.....	-14,244,000
(6) Amount payable from the Unified Program Account (Item 3940-001-0028)....	-601,000
(7) Amount payable from the Waste Discharge Permit Fund (Item 3940-001-0193).....	-68,613,000
(8) Amount payable from the Marine Invasive Species Control Fund (Item 3940-001-0212).....	-98,000
(8.5) Amount payable from the Environmental Trust Fund (Item 3940-001-0225).....	-7,500,000
(9) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3940-001-0235).....	-2,391,000

(10) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 3940-001-0387).....	-6,015,000
(11) Amount payable from the State Revolving Fund Loan Subaccount (Item 3940-001-0417).....	-538,000
(12) Amount payable from the Water Recycling Subaccount (Item 3940-001-0419).....	-337,000
(13) Amount payable from the Drainage Management Subaccount (Item 3940-001-0422).....	-515,000
(14) Amount payable from the Seawater Intrusion Control Subaccount (Item 3940-001-0424).....	-97,000
(15) Amount payable from the Underground Storage Tank Tester Account (Item 3940-001-0436).....	-64,000
(16) Amount payable from the Underground Storage Tank Cleanup Fund (Item 3940-001-0439).....	-278,823,000
(17) Amount payable from the Surface Impoundment Assessment Account (Item 3940-001-0482).....	-212,000
(18) Amount payable from the 1984 State Clean Water Bond Fund (Item 3940-001-0740).....	-322,000
(19) Amount payable from the Federal Trust Fund (Item 3940-001-0890).....	-34,716,000
(20) Amount payable from the Water Rights Fund (Item 3940-001-3058).....	-6,929,000
(21) Amount payable from the Watershed Protection Subaccount (Item 3940-001-6013).....	-1,069,000
(22) Amount payable from the Santa Ana River Watershed Subaccount (Item 3940-001-6016).....	-1,062,000
(23) Amount payable from the Lake Elsinore and San Jacinto Watershed Subaccount (Item 3940-001-6017).....	-47,000

(24) Amount payable from the Nonpoint Source Pollution Control Subaccount (Item 3940-001-6019).....	-986,000
(25) Amount payable from the State Revolving Fund Loan Subaccount (Item 3940-001-6020).....	-81,000
(26) Amount payable from the Wastewater Construction Grant Subaccount (Item 3940-001-6021).....	-23,000
(27) Amount payable from the Coastal Nonpoint Source Control Subaccount (Item 3940-001-6022).....	-815,000
(28) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3940-001-6031).....	-5,078,000
(29) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3940-001-6051).....	-4,073,000
(30) Amount payable from the Petroleum Underground Storage Tank Financing Account (Item 3940-001-8026).....	-607,000

Provisions:

1. Notwithstanding any other provision of law, upon approval and order of the Director of Finance, the State Water Resources Control Board may borrow sufficient funds for cash purposes from special funds that otherwise provide support for the board. Any such loans are to be repaid with interest at the rate earned in the Pooled Money Investment Account.
2. No funds appropriated in this item or any other items appropriating funds to the State Water Resources Control Board can be used for new information technology modules related to the California Integrated Water Quality System (CIWQS) until the board's Agency Information Management Strategy is updated to reflect the board's current information technology strategy and submitted to the Joint Legislative Budget Committee no sooner than 30 days prior to any spending on information technology modules.

SEC. 32. Item 3940-001-0193 of Section 2.00 of the Budget Act of 2007 is amended to read:

3940-001-0193—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Waste Discharge Permit Fund.....	68,613,000
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SEC. 33. Item 4200-101-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4200-101-0001—For local assistance, Department of Alcohol and Drug Programs.....	64,197,000
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Schedule:

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|---|--------------|
| (1) 15-Alcohol and Other Drug Services Program..... | 415,039,000 |
| (2) Reimbursements..... | -13,595,000 |
| (3) Amount payable from the Federal Trust Fund (Item 4200-101-0890)..... | -240,589,000 |
| (4) Amount payable from the Resident-Run Housing Revolving Fund (Item 4200-101-0977)..... | -144,000 |
| (5) Amount payable from the Substance Abuse Treatment Fund (Item 4200-101-3019)..... | -96,514,000 |

Provisions:

1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Items 4200-001-0001, 4200-102-0001, 4200-103-0001, and 4200-104-0001. In determining which transfers are necessary pursuant to this provision, the department shall assess those programs and operations that have the most critical need. In making this assessment, the department shall consider such factors as caseload requirements, availability of personnel to provide essential services, other funding sources, and relevant information provided by affected state agencies.
2. Upon approval by the Department of Finance, one or more short-term loans not to exceed a cumulative total of \$59,745,000 may be made available from the General Fund when there is a delay in the allocation of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds to California. Each loan

shall be repaid, with interest calculated pursuant to subdivision (a) of Section 16314 of the Government Code, upon receipt of the federal SAPT Block Grant.

SEC. 34. Item 4200-101-3019 of Section 2.00 of the Budget Act of 2007 is amended to read:

4200-101-3019—For local assistance, Department of Alcohol and Drug Programs, for payment to Item 4200-101-0001, payable from the Substance Abuse Treatment Fund..... 96,514,000
Provisions:

- 1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for local assistance pursuant to Section 11999.6 of the Health and Safety Code.

SEC. 35. Item 4200-105-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4200-105-0001—For transfer, as an expenditure, by the Controller to the Substance Abuse Treatment Trust Fund..... 100,000,000

SEC. 36. Item 4280-101-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4280-101-0001—For local assistance, Managed Risk Medical Insurance Board, for the Healthy Families Program..... 373,832,000
Schedule:

- (1) 20-Access for Infants and Mothers Program..... 73,328,000
- (2) 40-Healthy Families Program..... 1,032,841,000
- (3) Amount payable from the Federal Trust Fund (Item 4280-101-0890)..... -732,337,000

Provisions:

- 1. Upon order of the Department of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4280-102-0001 in order to effectively administer the Healthy Families Program.

SEC. 37. Item 4280-111-0232 of Section 2.00 of the Budget Act of 2007 is amended to read:

4280-111-0232—For transfer by the Controller from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund to the Perinatal Insurance Fund, for the Access for Infants and Mothers Program..... (34,879,000)

Provisions:

1. In order to effectively administer the Access for Infants and Mothers Program the Department of Finance may decrease or increase this item in order to conform the appropriation to revised subvention estimates.

SEC. 38. Item 4280-111-0233 of Section 2.00 of the Budget Act of 2007 is amended to read:

4280-111-0233—For transfer by the Controller from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund to the Perinatal Insurance Fund, for the Access for Infants and Mothers Program..... (14,474,000)

Provisions:

1. In order to effectively administer the Access for Infants and Mothers Program the Department of Finance may decrease or increase this item in order to conform the appropriation to revised subvention estimates.

SEC. 39. Item 4280-111-0236 is added to Section 2.00 of the Budget Act of 2007, to read:

4280-111-0236—For transfer by the Controller from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund to the Perinatal Insurance Fund, for the Access for Infants and Mothers Program..... (3,263,000)

Provisions:

1. In order to effectively administer the Access for Infants and Mothers Program, the Department of Finance may decrease or increase this item in order to conform the appropriation to revised subvention estimates.

SEC. 40. Item 4280-112-0232 of Section 2.00 of the Budget Act of 2007 is amended to read:

4280-112-0232—For transfer by the Controller from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund to the Major Risk Medical Insurance Fund, for the Major Risk Medical Insurance Program..... (1,072,000)

SEC. 41. Item 4280-112-0233 of Section 2.00 of the Budget Act of 2007 is amended to read:

4280-112-0233—For transfer by the Controller from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund to the Major Risk Medical Insurance Fund, for the Major Risk Medical Insurance Program..... (614,000)

SEC. 42. Item 4440-011-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4440-011-0001—For support of the State Hospitals, Department of Mental Health..... 1,039,502,000

Schedule:

- (1) 20.10-Long-Term Care Services—Lanterman-Petris-Short Act..... 133,903,000
- (2) 20.20-Long-Term Care Services—Penal Code and Judicially Committed..... 869,469,000
- (3) 20.30-Long-Term Care Services—Department of Corrections and Rehabilitation..... 110,649,000
- (4) 20.40-Long-Term Care Services—Other State Hospital Services..... 3,406,000
- (5) Reimbursements..... -77,830,000
- (6) Amount payable from the California State Lottery Education Fund (Section 8880.5 of the Government Code)..... -95,000

Provisions:

- 1. Upon order of the Department of Finance, and following 30-day notification to the Joint Legislative Budget Committee, the Controller shall transfer between this item and Item 4440-016-0001 those funds that are necessary for direct community services, as well as administrative and ancillary services related to the provision of direct services.
- 2. Upon approval of the State Department of Mental Health, a portion of the funds appropriated in Schedule (2) shall be available to reimburse counties for the cost of treatment and legal services to patients in the five State Department of Mental Health State Hospitals, pursuant to Section 4117 of the Welfare and Institutions Code. Expenditures made under this item shall

be charged to either the fiscal year in which the claim is received or the fiscal year in which the Controller issues the warrant. Claims filed by local jurisdictions for legal services may be scheduled by the Controller for payment.

3. The reimbursements identified in Schedule (5) shall include amounts received by the State Department of Mental Health as a result of billing for Lanterman-Petris-Short (LPS) Act state hospital bed day expenditures attributable to conservatees who are gravely disabled as defined in subparagraph (B) of paragraph (1) of subdivision (h) of Section 5008 of the Welfare and Institutions Code (Murphy Conservatee).
4. Of the total amount attributable in the 2007–08 fiscal year to patient-generated collections for Lanterman-Petris-Short (LPS) Act patients, the Controller shall transfer \$8,000,000 as revenue to the General Fund, and the remainder shall be used to offset county costs for LPS state hospital beds.
5. Notwithstanding any other provision of law, funds appropriated to accommodate projected hospital population levels in excess of those that actually materialize, if any, shall revert to the General Fund. However, the Department of Finance may approve an increase in expenditures that are not related to caseload for the state hospitals through the redirection of funding that is reasonably believed not to be needed for accommodating projected hospital population levels if the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or prior to whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. All notifications shall include (a) the reason for the proposed redirection of caseload funding to expenditures that are not related to caseload, (b) the approved amount, and (c) the basis of the Director of Finance’s determination that the funding is not needed for accommodating projected hospital population levels.

6. Notwithstanding Section 26.00, the Department of Finance may authorize the transfer of expenditure authority between Schedules (1), (2), (3), and (4) in order to accurately reflect caseload in these programs.
7. Notwithstanding any other provision of law, the Department of Finance may augment this item to provide salary increases for classifications related to the Coleman litigation in the event that more vacant positions are filled than were originally proposed in the 2007–08 staffing plan, or salary increases in excess of those originally proposed for filled and vacant positions are ordered by a federal court, or for contract costs for registry funding, if necessary. This item may not be augmented earlier than 30 days, or a lesser amount of time as determined by the Chairperson of the Joint Legislative Budget Committee or his or her designee, after written notification of the necessity for augmentation to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee.
8. Of the amount appropriated in this item, \$4,280,000 is available only to provide appropriate treatment to individuals found incompetent to stand trial and who have not been committed to a state hospital. These funds may be encumbered no earlier than 30 days, or a lesser amount of time as determined by the Chairperson of the Joint Legislative Budget Committee or his or her designee, after the Department of Finance provides a written expenditure plan for these funds to the chairpersons of the fiscal committees in each house of the Legislature, and to the Chairperson of the Joint Legislative Budget Committee.
9. The State Department of Mental Health shall provide the fiscal and policy committees of the Legislature, including the Chairperson of the Joint Legislative Budget Committee, and the Department of Finance with a quarterly update on the progress of the hiring plan to ensure appropriate active treatment for patients, state licensure requirements, and in meeting the Consent Judgment with the federal United States Department of Justice regarding the federal Civil Rights of Institutionalized Persons Act (CRIPA). This quarterly

update shall be provided within 10 working days of the close of the quarter to ensure the exchange of timely and relevant information.

SEC. 43. Item 4440-103-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4440-103-0001—For local assistance, Department of Mental Health, for Mental Health Managed Care..... 234,207,000

Schedule:

(1) 10.25-Community Services—Other Treatment..... 234,207,000

Provisions:

1. The allocation of funds appropriated in this item shall be determined based on a methodology developed by the State Department of Mental Health in consultation with a statewide organization representing counties. This methodology shall be based on a review of actual and projected expenditures for mental health services for Medi-Cal beneficiaries, by county.
2. Of the amount appropriated in this item, \$8,000,000 shall be transferred to the Mental Health Managed Care Deposit Fund (Fund 0865).
3. Upon order of the Department of Finance and agreement between the State Department of Mental Health and the State Department of Health Care Services, the Controller shall transfer between this item and Item 4260-101-0001 any General Fund amount determined necessary to fully reflect the transfer of responsibility for administration of mental health services pursuant to the implementation of mental health managed care.

SEC. 44. Item 4440-115-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4440-115-0001—For local assistance, Department of Mental Health, for the Early and Periodic Screening, Diagnosis, and Treatment Program..... 86,679,000

Schedule:

(1) 10.30-Community Services-EPSDT.... 170,203,000

(2) Reimbursements..... -83,524,000

Provisions:

1. Funding appropriated in this item is available solely to reimburse counties for costs from prior years that have been validated by the State Department of Mental Health. It is the intent of the Legislature that the total cost of \$260,200,000 owed to counties will be reimbursed over a three-year period commencing with the Budget Act of 2007.
2. The amount appropriated in this item is for costs and claims incurred in the 2003–04, 2004–05, and 2005–06 fiscal years. These expenditures shall be reflected as expenditures in those fiscal years. The Department of Finance and the Controller’s office shall recognize this fiscal alignment accordingly for the purposes of the state budget process and legal basis of accounting.

SEC. 45. Item 5180-101-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-101-0001—For local assistance, Department of Social Services..... 2,210,356,000

Schedule:

(1) 16.30-CalWORKs.....	5,103,215,000
(2) 16.65-Other Assistance Payments....	1,324,322,000
(3) Reimbursements.....	-3,478,000
(4) Amount payable from the Emergency Food Assistance Program Fund (Item 5180-101-0122).....	-473,000
(5) Amount payable from the Employment Training Fund (Item 5180-101-0514).....	-45,000,000
(6) Amount payable from the Federal Trust Fund (Item 5180-101-0890).....	-4,157,183,000
(7) Amount payable from the Child Support Collections Recovery Fund (Item 5180-101-8004).....	-11,047,000

Provisions:

1. (a) No funds appropriated in this item shall be encumbered unless every rule or regulation adopted and every all-county letter issued by the State Department of Social Services that adds to the costs of any program is approved by the Department of Finance as to the availability of funds before it

becomes effective. In making the determination as to availability of funds to meet the expenditures of a rule, regulation, or all-county letter that would increase the costs of a program, the Department of Finance shall consider the amount of the proposed increase on an annualized basis, the effect the change would have on the expenditure limitations for the program set forth in this act, the extent to which the rule, regulation, or all-county letter constitutes a deviation from the premises under which the expenditure limitations were prepared, and any additional factors relating to the fiscal integrity of the program or the state's fiscal situation.

- (b) Notwithstanding Sections 28.00 and 28.50, the availability of funds contained in this item for rules, regulations, or all-county letters that add to program costs funded from the General Fund in excess of \$500,000 on an annual basis, including those that are the result of a federal regulation but excluding those that are (1) specifically required as a result of the enactment of a federal or state law or (2) included in the appropriation made by this act, shall not be approved by the Department of Finance sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.
2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$500,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share of costs of a program(s) when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. This loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available.

3. The Department of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund the costs of the administrative hearing process associated with changes in aid payments in the CalWORKs program.
4. (a) The Department of Finance is authorized to approve expenditures in those amounts made necessary by changes in either caseload or payments, or any rule or regulation adopted and any all-county letter issued as a result of the enactment of a federal or state law, the adoption of a federal regulation, or the following of a court decision, during the 2007–08 fiscal year that are within or in excess of amounts appropriated in this act for that year.
 - (b) If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the appropriation made in this item shall be increased by the amount of the excess unless and until otherwise provided by law.
5. Nonfederal funds appropriated in this item which have been budgeted to meet the state’s Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
6. In the event of declared disaster and upon county request, the State Department of Social Services may act in the place of any county and assume direct responsibility for the administration of eligibility and grant determination. Upon recommendation of the Director of Social Services, the Department of Finance may authorize the transfer of funds from Items 5180-101-0001 and 5180-101-0890, to Items 5180-001-0001 and 5180-001-0890, for this purpose.
7. Pursuant to the Electronic Benefit Transfer (EBT) Act (Chapter 3 (commencing with Section 10065) of Part 1 of Division 9 of the Welfare and Institutions Code)

and in accordance with the EBT System regulations (Manual of Policies and Procedures Section 16-401.15), in the event a county fails to reimburse the EBT contractor for settlement of EBT transactions made against the county's cash assistance programs, the state is required to pay the contractor. The State Department of Social Services may use funds from this item to reimburse the EBT contractor for settlement on behalf of the county. The county shall be required to reimburse the department for county's settlement via direct payment or administrative offset.

8. The Department of Finance is authorized to approve expenditures for the California Food Assistance Program in those amounts made necessary by changes in the Food Stamp Program Standard Utility Allowance, including those that result from midyear Standard Utility Allowance adjustments requested by the state. If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the appropriation made by this item shall be increased by the amount of the excess unless and until otherwise provided by law.
9. Upon request of the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and Institutions Code. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.
10. Up to \$4,445,000 appropriated in Program 16.65-Other Assistance Payments to reimburse California Emergency Foodlink and local food banks for disaster food assistance costs may be used for eligible disaster response costs incurred in either the 2006-07 or 2007-08 fiscal year, subject to approval by the Department of Finance.
11. Of the amount appropriated in this item, \$1,217,116,000 is available for CalWORKs assistance

payments. The Department of Finance shall approve unanticipated expenditures made necessary by changes in caseload or grant costs in excess of the amount specified in this provision. The Director of Finance shall approve transfers from the General Fund in augmentation of this item, if it is necessary to fund unanticipated changes in caseload or grant costs that are above the amount specified. If such an augmentation is necessary, the department shall report to the Joint Legislative Budget Committee within 30 days of making the augmentation.

SEC. 46. Item 5180-101-0514 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-101-0514—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Employment Training Fund..... 45,000,000

Provisions:

- 1. Pursuant to Section 1611.5 of the Unemployment Insurance Code, funds appropriated in this item are available for CalWORKs welfare-to-work activities.

SEC. 47. Item 5180-101-0890 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-101-0890—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Federal Trust Fund..... 4,157,183,000

Provisions:

- 1. Provisions 1, 4, 6, 7, and 9 of Item 5180-101-0001 also apply to this item.
- 2. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0890 in order to fund the costs of the administrative hearing process associated with changes in aid payments in the CalWORKs program.
- 3. For the purpose of broadening access to federal Child and Adult Care Food Program benefits for low-income children in proprietary child care centers, the State Department of Social Services may transfer up to \$10,000,000 of the funds appropriated in this item for Program 16.30—CalWORKs, from the Temporary

Assistance for Needy Families (TANF) block grant to the Social Services Block Grant (Title XX) pursuant to authorization in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). The Title XX funds shall be pooled with TANF funds appropriated in this item for Cal-WORKs Child Care. This transfer shall occur only if the Director of Finance approves the pooling of Title XX funds with Child Care and Development Fund or TANF funds, or both.

4. Upon request of the State Department of Social Services, the Director of Finance may increase or decrease the expenditure authority in this item to offset any increases or decreases in collections deposited in the Child Support Collections Recovery Fund and appropriated in Item 5180-101-8004. The Department of Finance shall provide notification of the adjustment to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval of the adjustment.

SEC. 48. Item 5180-111-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-111-0001—For local assistance, Department of Social

Services.....	5,221,302,000
Schedule:	
(1) 16.70-SSI/SSP.....	3,650,094,000
(2) 25.15-IHSS.....	4,594,594,000
(3) 25.20-Recipient Supplementary Pay- ment.....	34,291,000
(4) Reimbursements.....	-3,057,677,000
Provisions:	

1. Provisions 1 and 4 of Item 5180-101-0001 also apply to this item.
2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$225,000,000 shall be made available from the General Fund from funds not otherwise appropriated, to cover the federal share or reimbursable share, or both, of costs of a program or programs when the federal funds or reimbursements (from the Health Care Deposit Fund or

counties) have not been received by this state prior to the usual time for transmitting payments for the federal or reimbursable share of costs for this state. That loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available, or in the case of reimbursements, subject to Section 16351 of the Government Code. County reimbursements also shall be subject to Section 16314 of the Government Code, which specifies the rate of interest. The department may offset a county's share of cost of the In-Home Supportive Services (IHSS) program against local assistance payments made to the county if the county fails to reimburse its share of cost of the IHSS program to the state.

3. The State Department of Social Services shall provide technical assistance to counties to ensure that they maximize the receipt of federal funds for the In-Home Supportive Services (IHSS) program, without compromising the quality of the services provided to IHSS recipients.
4. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund increased costs due to workload associated with the retroactive reimbursement of Medi-Cal services for the In-Home Supportive Services program to comply with the Conlan v. Shewry court decision. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision and the number of positions to be established by the State Department of Social Services. The transfer shall be authorized at the time the report is made. The State Department of Social Services shall review the workload associated with the Conlan v. Shewry decision during the 2007–08 fiscal year and may administratively establish positions as the workload requires.
5. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund the cost of the administrative hearing process associated with changes in aid or service payments in the In-Home Supportive Services program. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision.

The transfer shall be authorized at the time the report is made.

- 6. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund additional planning and implementation workload associated with the Case Management Information and Payrolling System II (CMIPS II). The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision and the number of positions to be established by the State Department of Social Services. The transfer shall be authorized at the time the report is made. The State Department of Social Services shall review workload associated with CMIPS II and may administratively establish positions to address this workload once contract negotiations are complete.

SEC. 49. Item 5180-141-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-141-0001—For local assistance, Department of Social Services..... 437,764,000

Schedule:

- (1) 16.75-County Administration and Automation Projects..... 1,085,916,000
- (2) Reimbursements..... - 57,871,000
- (3) Amount payable from the Federal Trust Fund (Item 5180-141-0890)..... - -590,281,000

Provisions:

- 1. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$127,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share of costs of a program when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. This loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available.
- 2. In the event of declared disaster and upon county request, the State Department of Social Services may act in the place of any county and assume direct respon-

sibility for the administration of eligibility and grant determination. Upon recommendation of the Director of Social Services, the Department of Finance may authorize the transfer of funds from Items 5180-141-0001 and 5180-141-0890, to Items 5180-001-0001 and 5180-001-0890, for this purpose.

3. Provision 1 of Item 5180-101-0001 also applies to this item.
4. Pursuant to public assistance caseload estimates reflected in the annual Governor's Budget, the Department of Finance may approve expenditures in those amounts made necessary by changes in caseload that are in excess of amounts appropriated in this act. If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the appropriation made by this item shall be increased by the amount of the excess unless and until otherwise provided by law.
5. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
6. Section 11.00 shall apply to contracts entered into for the development and implementation of the Consortium IV, Interim Statewide Automated Welfare System, Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting, and Welfare Client Data Systems consortia of the Statewide Automated Welfare System.
7. It is the intent of the Legislature that testing of the interface between the Statewide Automated Welfare System (SAWS) and the California Child Support Automation System be considered a high priority by the SAWS consortia, county welfare departments, the State Department of Social Services, the Office of Systems Integration, the Department of Child Support Services, the Franchise Tax Board, and local child

support agencies. These entities shall make every effort to complete the interface testing as soon as possible. Resources may be redirected for this purpose, if necessary.

- 8. Upon request of the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and Institutions Code. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.

SEC. 50. Item 5180-141-0890 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-141-0890—For local assistance, Department of Social Services, for payment to Item 5180-141-0001, payable from the Federal Trust Fund..... 590,281,000

Provisions:

- 1. Provisions 2, 3, 4, 6, 7, and 8 of Item 5180-141-0001 also apply to this item.

SEC. 51. Item 5180-151-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-151-0001—For local assistance, Department of Social Services..... 756,589,000

Schedule:

- (1) 25.30-Children and Adult Services and Licensing..... 2,077,314,000
- (2) 25.35-Special Programs..... 24,207,000
- (3) Reimbursements..... -115,875,000
- (4) Amount payable from the Child Health and Safety Fund (Item 5180-151-0279)..... -1,245,000
- (5) Amount payable from the State Children’s Trust Fund (Item 5180-151-0803)..... -3,755,000

- (6) Amount payable from the Federal Trust Fund (Item 5180-151-0890)..... -1,222,557,000
- (7) Amount payable from the Child Welfare Services Program Improvement Fund (Item 5180-151-8023)..... -1,500,000

Provisions:

1. Provision 1 of Item 5180-101-0001 also applies to this item.
2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$50,000,000 shall be made available from the General Fund from funds not otherwise appropriated, to cover the federal share of costs of a program when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. That loan from the General Fund shall be repaid when the federal share of costs for the program becomes available.
3. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5180-001-0001, in order to allow the state to perform the facilities evaluation function of Community Care Licensing in the event the counties fail to perform that function.
4. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
5. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5180-001-0001, in order to allow the state to perform the adoptions function in the event that a county notifies the State Department of Social Services that it intends to cease performing that function.
6. (a) Of the amount appropriated in this item, \$189,957,000 shall be provided to counties to

fund additional child welfare services activities and shall be allocated based on child welfare services caseload and county unit costs. However, no county shall receive less than \$100,000. These funds shall be expressly targeted for emergency response, family reunification, family maintenance, and permanent placement services and shall be used to supplement, and shall not be used to supplant, child welfare services funds. A county is not required to provide a match of the funds received pursuant to this provision if the county appropriates the required full match for the county's child welfare services program exclusive of the funds received pursuant to this provision. These funds are available only to counties that have certified that they are fully utilizing the Child Welfare Services/Case Management System (CWS/CMS) or have entered into an agreed-upon plan with the State Department of Social Services outlining the steps that will be taken to achieve full utilization. The department shall reallocate any funds that counties choose not to accept under this provision, to other counties based on the allocation formula specified in this provision.

- (b) The department, in collaboration with the County Welfare Directors Association and representatives from labor groups representing social workers, shall develop the definition of full utilization of the CWS/CMS, the method for measuring full utilization, the process for the state and counties to work together to move counties toward full utilization, and measurements of progress toward full utilization.
7. The State Department of Social Services shall consult with the counties, children's advocates, and current and former foster youth in the development and implementation of permanency and youth services initiatives.
8. Upon request by the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Pro-

ject pursuant to Section 18260 of the Welfare and Institutions Code. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.

SEC. 52. Item 5180-403 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-403—The Director of Finance is authorized to approve transfers not to exceed \$55,507,000 from the federal Temporary Assistance for Needy Families (TANF) block grant to and in augmentation of any program for which TANF funds have been appropriated in this act or for Stage 2 child care, only if the request: (1) meets all of the conditions set forth in Section 28.00, or (2) is consistent with Provision 4 of Item 5180-101-0001. Any transfers pursuant to this item shall require the respective legislative notification procedures set forth in Section 28.00 or Provision 4 of Item 5180-101-0001, whichever is applicable.

SEC. 53. Item 5225-101-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

5225-101-0001—For local assistance, Department of Corrections and Rehabilitation.....	336,791,000
Schedule:	
(1) 15-Corrections Standards Authority....	241,977,000
(2) 20-Juvenile Operations.....	78,000
(3) 22-Juvenile Paroles.....	1,403,000
(4) 25.15.010-Adult Corrections and Rehabilitation Operations—Transportation of Inmates.....	278,000
(5) 25.15.020-Adult Corrections and Rehabilitation Operations—Return of Fugitives.....	5,066,000
(6) 25.30-Adult Corrections and Rehabilitation Operations—County Charges.....	19,672,000
(7) 30-Parole Operations—Adult.....	53,417,000
(8) 60.01-County Juvenile Justice Planning Grants.....	4,900,000
(9) 60.02-County Juvenile Justice Competitive Grants.....	10,000,000

Provisions:

1. The amount appropriated in Schedules (4), (5), (6), and (7) is provided for the following purposes:
 - (a) To pay the transportation costs of prisoners to and between state prisons, including the return of parole violators to prison and for the conveying of persons under provisions of Division 3 (commencing with Section 3000) of the Welfare and Institutions Code and the Western Interstate Corrections Compact (Section 11190 of the Penal Code), in accordance with Section 26749 of the Government Code. Claims filed by local jurisdictions shall be filed within six months after the end of the month in which those transportation costs are incurred. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.
 - (b) To pay the expenses of returning fugitives from justice from outside the state, in accordance with Sections 1389, 1549, and 1557 of the Penal Code. Claims filed by local jurisdictions shall be filed within six months after the end of the month in which expenses are incurred. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller, and any restitution received by the state for those expenses shall be credited to the appropriation of the year in which the Controller's receipt is issued. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.
 - (c) To pay county charges, payable under Sections 4700.1, 4750 to 4755, inclusive, and 6005 of the Penal Code. Claims shall be filed by local jurisdictions within six months after the end of the month in which a service is performed by the coroner, a hearing is held on the return of a writ of habeas corpus, the district attorney declines to prosecute a case referred by the Department of

Corrections and Rehabilitation, a judgment is rendered for a court hearing or trial, an appeal ruling is rendered for the trial judgment, or an activity is performed as permitted by these sections. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.

- (d) To reimburse counties for the cost of detaining state parolees pursuant to Section 4016.5 of the Penal Code. Claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred. Claims filed by local jurisdictions may not include booking fees, may not recover detention costs in excess of \$77.17 per day, and shall be limited to the detention costs for those days on which parolees are held subject only to a Department of Corrections and Rehabilitation request pursuant to subdivision (b) of Section 4016.5 of the Penal Code. Expenditures shall be charged to either the fiscal year in which the claim is received by the Department of Corrections and Rehabilitation or the fiscal year in which the warrant is issued.
2. Notwithstanding any other provision of law, upon 30-day prior notification to the Chairperson of the Joint Legislative Budget Committee, funds appropriated in Schedule (7) of this item may be transferred to Schedule (7) or (8), or both, of Item 5225-001-0001, upon order of the Director of Finance, to provide funds for the reimbursement of counties for the cost of holding parole violators in local jails or for the auditing or monitoring of local assistance costs.
4. The amounts appropriated in Schedules (2) and (3) are provided for the following purposes:
 - (a) To pay the transportation costs of persons committed to the Department of Corrections and Rehabilitation to or between its facilities, including the return of parole violators, provided that expenditures made under this item shall be charged to either the fiscal year in which the claim is received

by the Controller or the fiscal year in which the warrant is issued by the Controller. However, claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred.

- (b) To reimburse counties, pursuant to Section 1776 of the Welfare and Institutions Code, for the cost of the detention of the Department of Corrections and Rehabilitation parolees who are detained on alleged parole violations, provided that expenditures made under this item shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. However, claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred.
10. The amount appropriated in Schedule (8) shall be for one-time grants to all 58 counties to plan for changes in state law governing county custody and rehabilitative services for youthful offenders whose offenses are not listed in subdivision (b) of Section 707 of the Welfare and Institutions Code. The Corrections Standards Authority (CSA), in consultation with the Division of Juvenile Facilities, shall distribute the funds based on county population, as reported most recently by the Department of Finance. The 10 largest counties shall receive grants of \$150,000 each. The next 20 largest counties shall receive grants of \$100,000 each. The 28 smallest counties shall receive grants of \$50,000 each. The CSA shall award grants no later than 30 days following the chaptering of this act.
 11. The amount appropriated in Schedule (9) shall be for one-time grants to counties for additional planning and development efforts related to changes in state law governing the custody and treatment of youthful offenders whose offenses are not listed in subdivision (b) of Section 707 of the Welfare and Institutions Code. The amounts shall be distributed by the Corrections Standards Authority, in consultation with the Division of Juvenile Facilities, on a competitive basis. Counties may apply for these funds, and the Corrections Standards Authority shall give preference to

counties that request funds to develop (a) regional approaches to the care, custody, and supervision of youthful offenders, (b) programs for specialized youthful offender populations, including, but not limited to, offenders with histories of mental illness, substance abuse, violence, and recurrent and intractable behavioral problems, and (c) the use of evidence-based programs, risk/needs assessments, and a plan to implement a continuum of care for all youthful offenders. The Corrections Standards Authority shall award the grants not later than April 1, 2008. Up to 3 percent of the total amount appropriated in Schedule (9) shall be available to the Corrections Standards Authority, Division of Juvenile Facilities, and Department of Corrections and Rehabilitation for administration of this provision.

12. Notwithstanding any other provision of law, of the funds appropriated in Schedule (1), \$29,727,000 shall be allocated to fully fund the 2006–07 fiscal year grant cycle for Mentally Ill Offender Reduction Grant Program for adults and juveniles.
13. Notwithstanding any other provision of law, of the funds appropriated in Schedule (1), \$29,727,000 shall be allocated to provide annual funding for Mentally Ill Offender Crime Reduction Grants as administered by the Corrections Standards Authority. These funds shall be available for expenditure and encumbrance until September 30, 2008.

SEC. 54. Item 6110-009-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-009-0001—For support of Department of Education..... 1,483,000

Schedule:

- | | |
|--------------------------------------|-----------|
| (1) 50-State Board of Education..... | 1,536,000 |
| (2) Reimbursements..... | -53,000 |

Provisions:

1. The amount appropriated in Schedule (1) shall be available for support of the State Board of Education and shall be directed to meet the policy priorities of its members.
 - (a) Of the amount appropriated in this schedule, \$138,000 is allocated for statutory oversight of

charter schools approved by the State Board of Education. In addition, the State Department of Education is authorized to receive and expend statutory reimbursements of an amount estimated to be \$138,000 for purposes of overseeing State Board of Education-approved charter schools.

SEC. 55. Item 6110-111-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-111-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Home to School Transportation, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of the Education Code, and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of the Education Code..... 228,011,000

Schedule:

(1) 10.10.006-Pupil Transportation..... 222,239,000

(2) 10.10.008-Small School District Bus Replacement..... 5,772,000

Provisions:

1. Of the funds appropriated in this item, \$27,290,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 4.53 percent.
2. An additional \$52,583,000 in expenditures for this item has been deferred until the 2008–09 fiscal year.

SEC. 56. Item 6110-111-0046 is added to Section 2.00 of the Budget Act of 2007, to read:

6110-111-0046—For local assistance, Department of Education (from the Public Transportation Account, State Transportation Fund), for transfer to Section A of the State School Fund, Home to School Transportation, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of the Education Code, and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of the Education Code..... 99,120,000

Schedule:

(1) 10.10.006-Pupil Transportation..... 99,120,000

SEC. 57. Item 6110-113-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-113-0001—For local assistance, Department of Education (Proposition 98), for purposes of California’s pupil testing program.....	85,123,000
Schedule:	
(1) 20.70.030.005-Assessment Review and Reporting.....	2,313,000
(2) 20.70.030.006-STAR Program.....	62,124,000
(3) 20.70.030.007-English Language Development Assessment.....	9,741,000
(4) 20.70.030.008-High School Exit Examination.....	10,945,000
(5) 20.70.030.015-California High School Proficiency Examination.....	1,144,000
(6) Reimbursements.....	-1,144,000

Provisions:

1. The funds appropriated in this item shall be for the pupil testing programs authorized by Chapter 3 (commencing with Section 48400), Chapter 5 (commencing with Section 60600), Chapter 6 (commencing with Section 60800), Chapter 7 (commencing with Section 60810), and Chapter 9 (commencing with Section 60850) of Part 33 of the Education Code.
2. The funds appropriated in Schedule (2) are provided for approved contract and district apportionment costs for the development and administration of the California Standards Test, the national Norm-Referenced Test, the Standards-Based Test in Spanish, the California Alternate Performance Assessment, the Designated Primary Language Test, and the California Modified Assessment, as part of the STAR Program.
3. The funds appropriated in Schedule (3) shall be available for approved contract costs and apportionment costs for administration of the California English Language Development Test (CELDT) meeting the requirements of Chapter 7 (commencing with Section 60810) of Part 33 of the Education Code. Incentive funding of \$5 per pupil is provided for district apportionments for the CELDT. As a condition of receiving these funds, school districts must agree to provide in-

formation determined to be necessary to comply with the data collection and reporting requirements of the federal No Child Left Behind Act of 2001 (P.L. 107-110) regarding English language learners by the State Department of Education.

4. The funds appropriated in Schedule (4) include funds for approved contract costs and apportionment costs for the administration of the California High School Exit Examination (CAHSEE) pursuant to Chapter 9 (commencing with Section 60850) of Part 33 of the Education Code. The State Board of Education shall establish the amount of funding to be apportioned to school districts for the CAHSEE. The amount of funding to be apportioned per test shall not be valid without the approval of the Department of Finance.
5. The funds appropriated in Schedule (4) shall be used for seven annual administrations of the California High School Exit Examination. Grade 12 students may take up to five administrations of the exam, grade 11 students may take up to two, and grade 10 students are required to take one.
6. It is the intent of the Legislature that the State Department of Education (SDE) develop a plan to streamline existing programs to eliminate duplicative tests and minimize the instructional time lost to test administration. The SDE shall ensure that all statewide tests meet industry standards for validity and reliability.
7. Funds provided to local educational agencies from Schedules (2), (3), and (4) shall first be used to offset any state-mandated reimbursable costs within the meaning of Section 17556 of the Government Code, that otherwise may be claimed through the state mandates reimbursement process for the STAR Program, the California English Language Development Test, and the California High School Exit Examination. Local educational agencies receiving funding from these schedules shall reduce their estimated and actual mandated reimbursement claims by the amount of funding provided to them from these schedules.

SEC. 58. Item 6110-188-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-188-0001—For local assistance, Department of Education (Proposition 98), Program 10.10-School Apportionments Deferred Maintenance, for transfer to the State School Deferred Maintenance Fund..... 161,903,000

Provisions:

1. The funds appropriated in this item shall be transferred to the State School Deferred Maintenance Fund and are available for funding applications received by the Department of General Services, Office of Public School Construction for the purpose of payments to school districts for deferred maintenance projects pursuant to Section 17584 of the Education Code.
2. An additional \$115,479,000 in expenditures for this item is appropriated in Item 6110-485 from the Proposition 98 Reversion Account for the purposes of this item.

SEC. 59. Item 6110-227-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-227-0001—For local assistance, Department of Education (Proposition 98), established pursuant to Article 4 (commencing with Section 315) of Chapter 3 of Part 1 of the Education Code, English language tutoring to children with limited English proficiency..... 50,000,000

Schedule:

- (1) 10-Instruction..... 50,000,000

SEC. 60. Item 6110-485 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-485—Reappropriation (Proposition 98), Department of Education. The sum of \$480,674,000 is hereby reappropriated from the Proposition 98 Reversion Account, for the following purposes:

0001—General Fund

- (1) \$100,000,000 to the School Facilities Program for the purpose of funding the School Facilities Emergency Repair Account as required by Chapter 899 of the Statutes of 2004.
- (2) \$8,810,000 to the State Department of Education for the purpose of the Teacher Credentialing Block Grant pursuant to Article 4 (commencing with Section

41520) of Chapter 3.2 of Part 24 of the Education Code to fund estimated participation in the 2006–07 budget year.

- (8) \$4,100,000 to the State Department of Education for the purpose of funding community day school program deficiencies from the 2006–07 fiscal year.
- (9) \$1,900,000 to the State Department of Education on a one-time basis for maintenance of the K–12 High Speed Network. The program shall provide a status report to the Department of Finance, Legislative Analyst’s Office, and budget committees of each house of the Legislature by March 1, 2008, on the use of these funds and whether any unplanned program savings are anticipated (due to vendor allowances, base program savings, or other specified matters).
- (11) \$385,000 to the Superintendent of Public Instruction, on a one-time basis, for allocation to the Fiscal Crisis and Management Assistance Team (FCMAT) to conduct comprehensive assessments pursuant to Section 41327.1 of the Education Code. Of the amount appropriated in this paragraph, FCMAT shall use \$150,000 for an assessment of the Oakland Unified School District, \$125,000 for an assessment of the Vallejo City Unified School District and \$110,000 for an assessment of the West Fresno Elementary School District. The FCMAT shall provide a copy of the written report to the appropriate fiscal and policy committees of the Legislature, the Members of the Legislature representing those school districts, any advisory councils of those school districts, the Superintendent of Public Instruction, the county superintendent of schools with jurisdiction over those school districts, the Department of Finance, and the Office of the Secretary for Education.
- (12) \$115,479,000 to the State Department of Education, on a one-time basis, to backfill the Deferred Maintenance Program.
- (13) Notwithstanding subdivision (b) of Section 17592.71 of the Education Code, \$250,000,000 shall be transferred by the Controller from the School Facilities Emergency Repair Account to the Proposition 98 Reversion Account no later than 30 days after the enactment of the Budget Act. By March 31, 2008, the

Director of Finance shall determine whether there are sufficient funds in the School Facility Emergency Repair Account to cover approved grants for the Schools Emergency Repairs Grant Program pursuant to Article 1.5 (commencing with Section 17592.70) of Chapter 5 of Part 10 of the Education Code. If the Director of Finance determines that the amount available in the School Facilities Emergency Repair Account is insufficient to cover approved grants, the amount necessary to fund grants approved by the State Allocation Board shall be transferred back from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account.

- (14) \$250,000,000 to the State Department of Education for the home-to-school transportation program, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of the Education Code, and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of the Education Code.

SEC. 61. Item 6110-495 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-495—Reversion, Department of Education, Proposition 98. The following amounts shall be reverted to the Proposition 98 Reversion Account by the Controller within 60 days of enactment of this act:

0001—General Fund

- (1) \$10,000,000 of the balance in the Child Care Facilities Revolving Fund established pursuant to Section 8278.3 of the Education Code.
- (2) \$10,202,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (1) and (2) of Item 6110-113-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (3) \$298,000 or whatever the greater or lesser amount reflects the unencumbered balance of the amount appropriated for Specialized Secondary Programs in Item 6110-122-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (4) \$14,200,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (1) and

- (2) of Item 6110-123-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (6) \$1,394,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (2) and (4) of Item 6110-113-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (7) \$1,550,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (1) and (2) of Item 6110-116-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (9) \$1,515,000 or whatever the greater or lesser amount reflects the unexpended funds from Item 6110-166-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (10) \$305,000 or whatever the greater or lesser amount reflects the unexpended funds from Item 6110-195-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (11) \$111,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedule (7) of Item 6110-485 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (12) \$10,000,000 or whatever lesser or greater amount reflects the unexpended funds from Schedule (3) of Item 6110-491 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (13) \$1,500,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-113-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (14) \$266,000 or whatever lesser or greater amount reflects the unexpended funds from Schedule (3) of Item 6110-491 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (15) \$200,000 or whatever lesser or greater amount reflects the unexpended funds from Schedule (3) of Item 6110-491 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (16) \$2,300,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-203-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (17) \$1,325,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-224-0001

- of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (18) \$953,000 from Schedule (1) of Item 6110-228-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
 - (19) \$200,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-161-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
 - (20) \$84,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-245-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
 - (21) \$10,583,000 or whatever greater or lesser amount reflects the unexpended funds from subparagraph (D) of paragraph (1) of subdivision (a) of Chapter 900 of the Statutes of 2004.
 - (22) \$5,094,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-234-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
 - (23) \$1,000,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (3) of Item 6110-198-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
 - (24) \$1,000,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-203-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
 - (25) \$693,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-649-0001 from the 2004–05 fiscal year appropriation pursuant to Section 8483.5 of the Education Code, as enacted by Proposition 49 in 2002.
 - (26) \$657,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-193-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
 - (27) \$418,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-111-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
 - (28) \$71,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-161-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).

- (29) \$10,675,000 or whatever greater or lesser amount reflects the unexpended funds from paragraph (3) of subdivision (a) of Chapter 227 of the Statutes of 2003.
- (30) \$5,362,000 or whatever greater or lesser amount reflects the unexpended funds from paragraph (5) of subdivision (a) of Section 44 of Chapter 227 of the Statutes of 2003.
- (31) \$55,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (4) of Item 6110-226-0001 of the Budget Act of 2002 (Ch. 379, Stats. 2002).
- (32) \$25,000,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-137-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (33) \$1,005,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (4) of Item 6110-485 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (34) \$11,691,000 or whatever greater or lesser amount reflects the unexpended funds from subparagraph (E) of paragraph (2) of subdivision (a) of Section 31 of Chapter 73 of the Statutes of 2005.
- (35) \$664,000 or whatever greater or lesser amount reflects the unexpended funds from subparagraph (J) of paragraph (2) of subdivision (a) of Section 31 of Chapter 73 of the Statutes of 2005.

SEC. 62. Item 7100-001-0514 of Section 2.00 of the Budget Act of 2007 is amended to read:

7100-001-0514—For support of Employment Development Department, for payment to Item 7100-001-0870, payable from the Employment Training Fund..... 51,600,000

Provisions:

- 1. Upon order of the Director of Finance, funds disencumbered from Employment Training Fund training contracts during the 2007–08 fiscal year that have not reverted as of July 1, 2007, may be appropriated in augmentation of this item.
- 2. Notwithstanding subparagraph (B) of paragraph (2) of subdivision (a) of Section 10206 of the Unemployment Insurance Code, the Employment Training Pan-

el's administrative costs may exceed 15 percent of the amount appropriated in this item.

SEC. 63. Item 7100-001-0870 of Section 2.00 of the Budget Act of 2007 is amended to read:

7100-001-0870—For support of Employment Development Department, payable from the Unemployment Administration Fund-Federal..... 523,595,000

Schedule:

(1) 10-Employment and Employment Related Services.....	180,125,000
(2) 21-Tax Collections and Benefit Payments.....	626,785,000
(3) 22-California Unemployment Insurance Appeals Board.....	74,196,000
(4) 30.01-General Administration.....	56,859,000
(5) 30.02-Distributed General Administration.....	-51,194,000
(6) 50-Employment Training Panel.....	46,345,000
(7) Reimbursements.....	-22,916,000
(8) Amount payable from the General Fund (Item 7100-001-0001).....	-25,176,000
(9) Amount payable from the Employment Development Department Benefit Audit Fund (Item 7100-001-0184).....	-14,621,000
(10) Amount payable from the Employment Development Contingent Fund (Item 7100-001-0185).....	-79,495,000
(11) Amount payable from the Employment Training Fund (Item 7100-001-0514).....	-51,600,000
(12) Amount payable from the Unemployment Compensation Disability Fund (Item 7100-001-0588).....	-214,768,000
(13) Amount payable from the School Employees Fund (Item 7100-001-0908)....	-945,000

Provisions:

1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated pursuant to Section 1555 of the Unemployment Insurance Code.

2. Provision 1 of Item 7100-001-0588 also applies to funds appropriated in this item for the Unemployment Insurance Program.
3. No later than September 13, 2007, the Secretary of Labor and Workforce Development shall report to the Director of Finance and the Joint Legislative Budget Committee on the progress of the Underground Economy Enforcement Program and shall provide justification for its continuance.

SEC. 64. Item 8860-001-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

8860-001-0001—For support of Department of Finance..... 36,563,000

Schedule:

- | | |
|---|-------------|
| (1) 10-Annual Financial Plan..... | 23,699,000 |
| (2) 15-Statewide Systems Development..... | 6,615,000 |
| (3) 20-Program and Information System Assessments..... | 12,401,000 |
| (4) 30-Supportive Data..... | 16,069,000 |
| (5) 40.01-Administration..... | 6,411,000 |
| (6) 40.02-Distributed Administration..... | -6,411,000 |
| (7) Reimbursements..... | -14,540,000 |
| (8) Amount payable from the General Fund (Item 8860-002-0001)..... | -6,615,000 |
| (9) Amount payable from Unallocated Special Funds (Item 8860-011-0494).... | -587,000 |
| (10) Amount payable from Unallocated Bond Funds—Select (Item 8860-011-0797)..... | -127,000 |
| (11) Amount payable from Other Unallocated Nongovernmental Cost Funds (Item 8860-011-0988)..... | -352,000 |

Provisions:

1. The funds appropriated in this item for CALSTARS shall be transferred by the Controller, upon order of the Director of Finance, or made available by the Department of Finance as a reimbursement, to other items and departments for CALSTARS-related activities by the Department of Finance.
2. The funds appropriated in this act for purposes of CALSTARS-related data-processing costs may be transferred between any items in this act by the Con-

troller upon order of the Director of Finance. Any funds so transferred shall be used only for support of CALSTARS-related data-processing costs incurred.

3. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund to the Department of Finance for the purpose of meeting operational cashflow obligations for the 2007–08 fiscal year. The loan shall not exceed the estimated amount of uncollected reimbursements for the final quarter of the fiscal year.
4. From the funds appropriated in Schedule (3) for the purpose of evaluating and continuing development and enhancement of the Governor’s Budget Presentation System (GBPS), the following provisions apply:
 - (a) From time to time, but no later than December 1, 2007, the Department of Finance shall update the Legislature on anticipated changes to the GBPS. In addition, the Department of Finance shall (1) no later than the approximate same time the Governor’s Budget is formally presented in electronic or any other Web-based form, provide printed and bound hard copies of the Governor’s Budget and Governor’s Budget Summary as follows: to the Legislative Analyst’s Office—45 copies, the Office of the Legislative Counsel—six copies, offices of the Members of the Legislature—120 copies, the Rules Committees of the Assembly and Senate—5 copies each, and the fiscal committees of the Legislature—60 copies, and (2) no later than four weeks after the Governor’s Budget is formally presented in electronic or any other Web-based form, 131 printed and bound hard copies of the Governor’s Budget and Governor’s Budget Summary shall be provided as follows: two copies to the State Library, to ensure that the State Librarian maintains at least one public copy and one for the permanent research collections, and 129 copies: one copy to each depository public library in the state. Additional copies, either bound or unbound, shall be available for purchase by the public based on the cost of producing the documents requested. Whenever the Department of Finance submits to the Legisla-

ture changes to the Governor’s Budget or to the Budget Bill, these requests shall be provided in hard copy form to the Legislature including the appropriate staff of the fiscal committees and the Legislative Analyst’s Office. Whenever the Department of Finance releases a document summarizing changes proposed for the Governor’s Budget or to the Budget Bill, the Department of Finance shall provide the summaries in hard copy form to the Legislature including the appropriate staff of the fiscal committees and the Legislative Analyst’s Office.

- (b) Notwithstanding any other provision of law, the Department of Finance may amend its existing contract with the Web development firm to augment and continue consulting services until June 30, 2008, for the purpose of providing continuity of services.

- 5. Of the amount appropriated in Schedule (1), \$654,000 is available to support the Public Employee Post-Employment Benefits Commission established pursuant to Executive Order S-25-06. Any unencumbered balance will revert to the General Fund.

SEC. 65. Item 8860-002-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

8860-002-0001—For support of Department of Finance, for payment to Item 8860-001-0001.....	6,615,000
Provisions:	

- 1. The Department of Finance shall submit to the Legislature, no later than April 1, 2008, an approved Special Project Report for the Financial Information System for California (Project #8860-30). The Special Project Report shall incorporate project alternatives that include, at a minimum: (a) continuing with the project as proposed in the Special Project Report approved December 15, 2006, (b) continuing with the design, development, and implementation of the Budget Information System as described in the Feasibility Study Report dated July 14, 2005, (c) developing and implementing a proof of concept including the control

agencies' statewide functions and a select few departments, and (d) no action.

2. The Special Project Report shall also include: (a) a plan of funding that evaluates alternative financing options and the use of special funds and federal funds, (b) a report on the status of funding discussions with the federal government, (c) the formalization of roles and responsibilities, through the execution of memoranda of understanding, among the following project partners: the Director of Finance, the Controller, the Treasurer, and the Director of General Services, (d) a revised project management plan addressing project leadership succession planning and vendor accountability through the management of contracts, and (e) a project oversight plan that includes regular and independent reviews by the Office of Technology Review, Oversight, and Security and the Bureau of State Audits.
3. The Department of Finance shall transfer the contract administration authority for the Financial Information System for California (FI\$Cal) project's contract related to Independent Project Oversight (contract) services to the Bureau of State Audits. The bureau shall monitor the contract, including assessing whether the concerns of the contractor are being addressed, and shall periodically report on the contract pursuant to Chapter 6.5 (commencing with Section 8543) of Division 1 of Title 2 of the Government Code. The department shall amend the contract to reflect the requirements of this provision and shall consult with the bureau in making that amendment, and the bureau shall approve the contents of the amendment prior to its execution. The contract shall be amended prior to any vendor payment from any amounts appropriated in this item to fund the contract. For purposes of this provision, "transfer the contract administration authority" means that the bureau's authority under the contract shall include, but not necessarily be limited to, the following:
 - (a) Receiving and approving for payment by the department, all invoices for payment under the contract.
 - (b) Directly receiving from the contractor any reports or other products produced under the contract,

without any modification to those reports or products by the department.

- (c) Receiving notice of any and all meetings held under the contract so that the bureau may attend those meetings.
- (d) Receiving communications made under the contract.

Nothing in this provision shall supersede or compromise the Office of Technology Review, Oversight, and Security’s project oversight authority and responsibilities with respect to the FISCal project.

- 4. A communication plan between oversight entities and contractors shall be developed and presented to the Legislature concurrent with the Special Project Report.

SEC. 66. Item 9350-104-6065 of Section 2.00 of the Budget Act of 2007 is amended to read:

9350-104-6065—Local assistance-shared revenues for support of Local Streets and Road Improvement, Congestion Relief and Traffic Safety Account of 2006, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 600,000,000

Provisions:

- 1. These funds shall be available for allocation by the Controller until June 30, 2010.

SEC. 67. Section 4.05 of the Budget Act of 2007 is amended to read:

Sec. 4.05. (a) The Director of Finance, in consultation with agency secretaries and other cabinet members, shall reduce General Fund appropriations in the 2007–08 fiscal year by a total of \$100,297,000 on a one-time basis. Each agency secretary shall recommend to the Director of Finance amounts to be reduced from the appropriations to departments within the agency. The Director of Finance may provide the agency secretaries with target reduction amounts, in which case the agency secretaries shall provide the Director of Finance with a list of recommended reductions that is no less than the target amount for that agency. For departments not reporting to an agency secretary, the Director of Finance shall determine the amount of the reductions.

(b) The Director of Finance shall not reduce, pursuant to subdivision (a), the amounts appropriated for the following: higher education; the judicial branch; the Legislature; the Legislative Counsel Bureau; constitutional officers; debt service, including, but not limited to, tobacco

settlement revenue shortfall, payment of interest on General Fund loans, and interest payments to the federal government; health and dental benefits for annuitants; equity claims before the California Victim Compensation and Government Claims Board; or augmentations for contingencies or emergencies, unless the savings identified would not negatively impact program needs as provided for in this act or current law, and provided that the affected entity or the state official responsible for that expenditure concurs with the reduction.

(c) General Fund savings from appropriations other than those in the 2007–08 fiscal year may be credited towards the overall savings in subdivision (a). Savings from funds other than the General Fund that would otherwise revert to the General Fund in the 2007–08 fiscal year may also be credited towards the total savings specified in subdivision (a).

(d) Nothing within this section shall be construed to confer any authority upon the Director of Finance to modify or eliminate any other provision of existing law.

(e) Not later than February 15, 2008, the Director of Finance shall report to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations the amount of reductions made in each item of appropriation pursuant to this section. The report shall include the following: each specific reduction by department, agency, and program; whether the reduction is one time or ongoing; a description of programmatic effects; the number and description of positions affected; and any other description necessary to fully disclose the reduction's impact.

(f) A state operations appropriation, and a program, project, or function designated in any line of any schedule set forth by that appropriation, may not be reduced pursuant to subdivision (a) by more than 20 percent. A local assistance appropriation, and a program, project, or function designated in any line of any schedule set forth by that appropriation, may not be reduced pursuant to subdivision (a) by more than 5 percent.

SEC. 68. Section 9.00 is added to the Budget Act of 2007, to read:

Sec. 9.00. Notwithstanding any other provision of law, the Director of Finance may reduce the appropriation in Schedule (14) of Item 6110-485 in order to ensure adequate funds in the Proposition 98 Reversion Account in the event the transfer from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account described in Schedule (13) of Item 6110-485 is required.

If the Director of Finance reduces the amount in Schedule (14) of Item 6110-485 to ensure adequate funding in the School Facilities Emergency Repair Account, the director shall adjust Item 6110-111-0046 upward

by an equal amount to ensure that funding for the Home-to-School transportation program is consistent with the total amount appropriated for the program by this act.

SEC. 69. Section 11.15 is added to the Budget Act of 2007, to read:

Sec. 11.15. Notwithstanding any other provision of law, whenever a reference is made to the Department of Finance or the Office of the State Chief Information Officer related to review, approval, or legislative notification for information technology projects, the following shall apply:

(a) From the period July 1, 2007, to December 31, 2007, inclusive, references to either of the above organizations related to information technology projects shall require approval or notification or both by the Department of Finance.

(b) From the period January 1, 2008, to June 30, 2008, inclusive, references to either of the above organizations related to information technology projects shall require approval or notification or both by the Office of the State Chief Information Officer.

This section does not apply to Sections 11.00 and 11.10.

SEC. 70. Section 12.32 of the Budget Act of 2007 is amended to read:

Sec. 12.32. (a) It is the intent of the Legislature that appropriations that are subject to Section 8 of Article XVI of the California Constitution be designated with the wording "Proposition 98." In the event these appropriations are not so designated, they may be designated as such by the Department of Finance, where that designation is consistent with legislative intent, within 30 days after notification in writing of the proposed designation to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or within a lesser time that the chairperson of the joint committee, or his or her designee, determines.

(b) Pursuant to the Proposition 98 funding requirements established in Chapter 2 (commencing with Section 41200) of Part 24 of the Education Code, the total appropriations for Proposition 98 for the 2007–08 fiscal year are \$41,492,504,000 or 42.2 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for school districts are \$37,202,628,000 or 37.8 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for community college districts are \$4,170,624,000 or 4.2 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for other state agencies that provide direct elementary and secondary level education, as defined in Section 41302.5 of the Education Code, are \$119,252,000

or 0.1 percent of total General Fund revenues and transfers subject to the state appropriations limit.

SEC. 71. Section 24.80 is added to the Budget Act of 2007, to read:

Sec. 24.80. (a) Notwithstanding any other provision of law, the Director of Finance is authorized to reimburse four hundred nine million dollars (\$409,000,000) in General Fund expenditures for the purposes of offsetting the cost of debt service payments made in prior fiscal years for public transportation related general obligation bond expenditures in the 2007–08 fiscal year from the Public Transportation Account. The total reimbursement shall not reduce the balance in the Public Transportation Account below a prudent reserve as determined by the Director of Finance.

(b) This reimbursement will result in overall General Fund savings. It is not the intent of the Legislature in enacting this section to provide additional expenditure authority to state programs.

(c) Funds provided from the Public Transportation Account for this purpose are derived from the sales tax on fuels and are dedicated to mass transportation purposes pursuant to Section 99310.5 of the Public Utilities Code. The Legislature hereby finds that funding debt service on bonds benefiting public transportation is a component of the state's mass transportation program.

(d) Under the provisions of Article XIXB as amended by Proposition 1A in the November 7, 2006, statewide general election, funds from sales taxes on fuels that are placed in the General Fund must be then allocated to the Transportation Investment Fund and distributed in conformance to the provisions of Proposition 42 that are applicable to that year. If the provisions of Proposition 42 are suspended in the future, Proposition 1A provides that any proceeds from sales taxes on fuels that are placed in the General Fund must be repaid in three years and limits future suspensions. Thus any funds from sales taxes on fuels can no longer be retained in the General Fund and thus cannot practically become revenues that affect the calculation of the Proposition 98 guarantee.

(e) Because there were no revenues from the sales tax on fuel deposited in the General Fund in the 1986–87 fiscal year, the calculation of the first year of funding guaranteed to schools under Proposition 98 is not affected by this revenue source.

(f) The Legislature finds therefore that the operation of this section does not reduce the amount of funds allocable to schools under Article XVI of the California Constitution.

SEC. 72. Section 29.50 is added to the Budget Act of 2007, to read:

Sec. 29.50. It is the intent of the Legislature that, in assisting the Governor in preparing the State Budget for the 2008–09 fiscal year, the

Department of Finance not include any proposed funding for any of the following: (a) discretionary price adjustments to state, University of California, or California University operations, and (b) General Fund capital outlay, beyond the minimal amount of fifty million dollars (\$50,000,000) for emergencies and contingencies.

SEC. 73. Section 35.50 of the Budget Act of 2007 is amended to read:

Sec. 35.50. (a) For purposes of paragraph (1) of subdivision (f) of Section 10, and subdivision (f) of Section 12, of Article IV of the California Constitution, "General Fund revenues" means the total resources available to the General Fund for a fiscal year before any transfer to the Budget Stabilization Account.

(b) For purposes of subdivision (f) of Section 12 of Article IV of the California Constitution, "all appropriations from the General Fund for that fiscal year" shall not include any transfer to the Budget Stabilization Account to retire Economic Recovery Bonds because that amount is reflected in the "amount of any General Fund moneys transferred to the Budget Stabilization Account."

(c) For purposes of subdivision (f) of Section 12 of Article IV of the California Constitution, the estimate of General Fund revenues for the 2007–08 fiscal year pursuant to this act, as passed by the Legislature, is \$106,764,100,000.

(d) For purposes of subdivision (b) of Section 20 of Article XVI of the California Constitution, General Fund revenues shall be defined as revenues and transfers before any transfer to the Budget Stabilization Account, excluding any proceeds from Economic Recovery Bonds, as estimated in the enacted State Budget.

SEC. 74. Sections 1 to 73, inclusive, of this act shall become operative only if the Budget Act of 2007, Senate Bill 77, as proposed by Conference Report No. 1 on July 9, 2007, is enacted and becomes effective on or before January 1, 2008.

SEC. 75. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

This act makes appropriations for the support of the government of the State of California and for several public purposes for the 2007–08 fiscal year. It is imperative that these appropriations be made effective as soon as possible. It is therefore necessary that this act go into immediate effect.

CHAPTER 173

An act to add Chapter 9 (commencing with Section 16965) to Part 3 of Division 4 of Title 2 of the Government Code, to amend Section 99312 of, and to add Section 99655 to, the Public Utilities Code, to amend Sections 7102, 7105, and 7106 of, and to add Section 7103 to, the Revenue and Taxation Code, to amend Section 2106 of the Streets and Highways Code, to amend Sections 21101.4 and 34501.12 of the Vehicle Code, and to repeal Section 59 of Chapter 861 of the Statutes of 2000, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

To the Members of the California State Senate:

I am signing Senate Bill 79 with the following objections:

I am eliminating the two hundred million dollar (\$200,000,000) appropriation for transfer from the Transportation Debt Service Fund to the General Fund in paragraph (2) of subdivision (b) of Section 16965 of the Government Code as added by this bill in Section 1. The language making this appropriation is technically deficient and does not conform to what I believe was Legislative intent and may not achieve the intended fiscal result. I am setting aside these funds for appropriation in subsequent legislation to achieve the intended purpose of offsetting General Fund debt service costs for public transportation-related bonds.

I am eliminating the eighty-two million six hundred seventy-eight thousand dollar (\$82,678,000) appropriation for transfer from the Mass Transportation Fund to the General Fund in subdivision (b) of Section 7103 of the Revenue and Taxation Code as added by this bill in Section 5. The language making this appropriation is technically deficient and does not conform to what I believe was Legislative intent and may not achieve the intended fiscal result. I am setting aside these funds for appropriation in subsequent legislation to achieve the intended purpose of offsetting General Fund debt service costs for public transportation-related bonds.

I am also reducing the appropriation in paragraph (1) of subdivision (d) Section 99312 of the Public Utilities Code, as amended in Section 2 of this bill, from two hundred million dollars (\$200,000,000) to one hundred million dollars (\$100,000,000) and modifying the language in the paragraph accordingly as follows:

“SEC. 2. Section 99312 of the Public Utilities Code is amended to read:

99312. From the funds transferred to the account pursuant to Section 7102 of the Revenue and Taxation Code, the Legislature shall appropriate funds for the following purposes:

(a) To the department, 50 percent for purposes of Section 99315.

(b) To the Controller, 25 percent for allocation to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314.

(c) To the Controller, 25 percent for allocation to transportation agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board for purposes of Section 99313.

(d) *For the 2007–08 fiscal year, notwithstanding any other provision of this section, or any other provision of law, the allocations made pursuant to this section shall be adjusted as follows:*

(1) *From the funds transferred to the account pursuant to paragraph (1) of subdivision (a) of Section 7102 of the Revenue and Taxation Code, ~~one hundred fifty million dollars (\$100,000,000)~~ (\$50,000,000) shall be allocated pursuant to subdivision (b); ~~one hundred fifty million dollars (\$100,000,000)~~ (\$50,000,000) shall be allocated pursuant to subdivision (c); and the remainder of revenue shall remain in the Public Transportation Account to fund other state public transportation priorities. The Controller shall make these allocations in four equal quarterly amounts of ~~twenty-five~~ twelve and one-half million dollars ~~(\$25,000,000)~~ (\$12,500,000), as achievable by the receipt of the specified revenue.*

(2) *The amount appropriated in Item 2640-101-0046 of the Budget Act of 2006 for state transit assistance pursuant to subdivision (b) and (c) was greater than the amount of revenues received to support state transit assistance pursuant to Section 7102 of the Revenue and Taxation Code. Therefore, notwithstanding any other provision of law, the amount that would have otherwise been available for appropriation to state transit assistance in the 2007–08 fiscal year pursuant to paragraphs (2) and (3) of subdivision (a) of Section 7102 of the Revenue and Taxation Code, shall be reduced by the excess amount that was appropriated to state transit assistance in the Budget Act of 2006, and that excess amount, as determined by the Department of Finance, shall instead remain in the Public Transportation Account to fund other state public transportation priorities. The Controller shall attempt to spread this adjustment equally over four quarterly payments, as achievable by revenue estimates.*

(e) *For the 2008–09 fiscal year and thereafter, notwithstanding any other provision of this section, or any other provision of law, from the funds transferred to the account pursuant to paragraph (1) of subdivision (a) of Section 7102 of the Revenue and Taxation Code, the Legislature shall appropriate funds for the following purposes:*

(1) *To the department, 33.34 percent for purposes of Section 99315.*

(2) *To the Controller, 33.33 percent for allocation to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314.*

(3) To the Controller, 33.33 percent for the allocation to transportation agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board for purposes of Section 99313.”

I am reducing this appropriation because the total of appropriations made in this account exceeds projected resources and would put the account into a deficit. The revenues funding this appropriation are from the spillover calculation, which has proven to be very unpredictable and volatile in the past. To protect the viability of the other appropriations from the account, in particular those for State Transportation Improvement Program projects, a prudent reserve is necessary. If sufficient revenues become available to provide this level of grants to local transit agencies, I would be willing to consider a supplemental appropriation later in the year. Another provision of this bill provides for substantial increase in these grants in 2008-09.

While I am sustaining the language regarding the out-year funding for the State Transit Assistance program, future year appropriations will be reviewed in light of future budget needs, and therefore may be subject to future redirection.

Schwarzenegger, Arnold

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

SECTION 1. Chapter 9 (commencing with Section 16965) is added to Part 3 of Division 4 of Title 2 of the Government Code, to read:

CHAPTER 9. TRANSPORTATION DEBT SERVICE FUND

16965. (a) The Transportation Debt Service Fund is hereby created in the State Treasury. Moneys in the fund shall, among other things, as provided in this section, be dedicated to payment of debt service on bonds including bonds issued pursuant to the Clean Air and Transportation Improvement Act of 1990 (Part 11.5 (commencing with Section 99600) of Division 10 of the Public Utilities Code), the Passenger Rail and Clean Air Bond Act of 1990 (Chapter 17 (commencing with Section 2700) of Division 3 of the Streets and Highways Code), and the Seismic Retrofit Bond Act of 1996 (Chapter 12.48 (commencing with Section 8879) of Division 1 of Title 2). If the moneys in the fund are insufficient to pay the balance of the debt consistent with existing obligations, the General Fund will be used to pay the balance of any debt service.

(b) (1) From moneys transferred to the fund pursuant to subdivision (b) of Section 7103 of the Revenue and Taxation Code, the sum of three hundred thirty-nine million two hundred eighty-nine thousand three hundred forty-five dollars (\$339,289,345) is hereby appropriated, for the purpose of paying the debt service in the 2007–08 fiscal year in the following amounts:

(A) Clean Air and Transportation Improvement Act of 1990, one hundred twenty-three million nine hundred seventy-three thousand four hundred ninety-three dollars (\$123,973,493).

(B) Passenger Rail and Clean Air Bond Act of 1990, seventy million nine hundred eighty-three thousand three hundred sixty-three dollars (\$70,983,363).

(C) Seismic Retrofit Bond Act of 1996, one hundred forty-four million three hundred thirty-two thousand four hundred eighty-nine dollars (\$144,332,489).

(2) From moneys transferred to the fund pursuant to subdivision (b) of Section 7103 of the Revenue and Taxation Code, the sum of two hundred million dollars (\$200,000,000) shall be transferred in the 2007–08 fiscal year to the General Fund as reimbursement for debt service payments made in prior fiscal years for public-transportation-related general obligation bond expenditures.

SEC. 2. Section 99312 of the Public Utilities Code is amended to read:

99312. From the funds transferred to the account pursuant to Section 7102 of the Revenue and Taxation Code, the Legislature shall appropriate funds for the following purposes:

(a) To the department, 50 percent for purposes of Section 99315.

(b) To the Controller, 25 percent for allocation to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314.

(c) To the Controller, 25 percent for allocation to transportation agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board for purposes of Section 99313.

(d) For the 2007–08 fiscal year, notwithstanding any other provision of this section, or any other provision of law, the allocations made pursuant to this section shall be adjusted as follows:

(1) From the funds transferred to the account pursuant to paragraph (1) of subdivision (a) of Section 7102 of the Revenue and Taxation Code, one hundred million dollars (\$100,000,000) shall be allocated pursuant to subdivision (b); one hundred million dollars (\$100,000,000) shall be allocated pursuant to subdivision (c); and the remainder of revenue shall remain in the Public Transportation Account to fund other state public transportation priorities. The Controller shall make these allocations in four equal quarterly amounts of twenty-five million dollars (\$25,000,000), as achievable by the receipt of the specified revenue.

(2) The amount appropriated in Item 2640-101-0046 of the Budget Act of 2006 for state transit assistance pursuant to subdivision (b) and (c) was greater than the amount of revenues received to support state transit assistance pursuant to Section 7102 of the Revenue and Taxation

Code. Therefore, notwithstanding any other provision of law, the amount that would have otherwise been available for appropriation to state transit assistance in the 2007–08 fiscal year pursuant to paragraphs (2) and (3) of subdivision (a) of Section 7102 of the Revenue and Taxation Code, shall be reduced by the excess amount that was appropriated to state transit assistance in the Budget Act of 2006, and that excess amount, as determined by the Department of Finance, shall instead remain in the Public Transportation Account to fund other state public transportation priorities. The Controller shall attempt to spread this adjustment equally over four quarterly payments, as achievable by revenue estimates.

(e) For the 2008–09 fiscal year and thereafter, notwithstanding any other provision of this section, or any other provision of law, from the funds transferred to the account pursuant to paragraph (1) of subdivision (a) of Section 7102 of the Revenue and Taxation Code, the Legislature shall appropriate funds for the following purposes:

- (1) To the department, 33.34 percent for purposes of Section 99315.
- (2) To the Controller, 33.33 percent for allocation to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314.
- (3) To the Controller, 33.33 percent for the allocation to transportation agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board for purposes of Section 99313.

SEC. 3. Section 99655 is added to the Public Utilities Code, to read: 99655. As of June 30, 2007, fourteen million five hundred sixty-three thousand dollars (\$14,563,000) allocated for the improvement of the Los Angeles-Fresno-San Francisco Bay Area passenger rail corridor in Section 99622 remains unexpended, and one million dollars (\$1,000,000) allocated for rail right-of-way studies in former Section 99621 remains unexpended. Pursuant to subdivision (c) of Section 99684, the unexpended funds cited in this section are hereby reallocated to the department and shall be made available for expenditure by the High-Speed Rail Authority for the state-sponsored high-speed rail project.

SEC. 4. Section 7102 of the Revenue and Taxation Code is amended to read:

7102. The money in the fund shall, upon order of the Controller, be drawn therefrom for refunds under this part, credits or refunds pursuant to Section 60202, and refunds pursuant to Section 1793.25 of the Civil Code, or be transferred in the following manner:

- (a) (1) All revenues, less refunds, derived under this part at the 4³/₄-percent rate, including the imposition of sales and use taxes with respect to the sale, storage, use, or other consumption of motor vehicle fuel which would not have been received if the sales and use tax rate had been 5 percent and if motor vehicle fuel, as defined for purposes of

the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301)), had been exempt from sales and use taxes, shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and shall be transferred quarterly to the Public Transportation Account, a trust fund in the State Transportation Fund, except as modified as follows:

(A) For the 2001–02 fiscal year, those transfers may not be more than eighty-one million dollars (\$81,000,000) plus one-half of the amount computed pursuant to this paragraph that exceeds eighty-one million dollars (\$81,000,000).

(B) For the 2002–03 fiscal year, those transfers may not be more than thirty-seven million dollars (\$37,000,000) plus one-half of the amount computed pursuant to this paragraph that exceeds thirty-seven million dollars (\$37,000,000).

(C) For the 2003–04 fiscal year, no transfers shall be made pursuant to this paragraph, except that if the amount to be otherwise transferred pursuant to this paragraph is in excess of eighty-seven million four hundred fifty thousand dollars (\$87,450,000), then the amount of that excess shall be transferred.

(D) For the 2004–05 fiscal year, no transfers shall be made pursuant to this paragraph, and of the amount that would otherwise have been transferred, one hundred forty million dollars (\$140,000,000) shall instead be transferred to the Traffic Congestion Relief Fund as partial repayment of amounts owed by the General Fund pursuant to Item 2600-011-3007 of the Budget Act of 2002 (Chapter 379 of the Statutes of 2002).

(E) For the 2005–06 fiscal year, no transfers shall be made pursuant to this paragraph.

(F) For the 2006–07 fiscal year, the revenues estimated pursuant to this paragraph shall, notwithstanding any other provision of this paragraph or any other provision of law, be transferred and allocated as follows:

(i) The first two hundred million dollars (\$200,000,000) shall be transferred to the Transportation Deferred Investment Fund as partial repayment of the amounts owed by the General Fund to that fund pursuant to Section 7106.

(ii) The next one hundred twenty-five million dollars (\$125,000,000) shall be transferred to the Bay Area Toll Account for expenditure pursuant to Section 188.6 of the Streets and Highways Code.

(iii) Of the remaining revenues, thirty-three million dollars (\$33,000,000) shall be transferred to the Public Transportation Account to support appropriations from that account in the Budget Act of 2006.

(iv) The remaining revenues shall be transferred to the Public Transportation Account for allocation as follows:

(I) Twenty percent to the Department of Transportation for purposes of Section 99315 of the Public Utilities Code.

(II) Forty percent to the Controller, for allocation pursuant to Section 99314 of the Public Utilities Code.

(III) Forty percent to the Controller, for allocation pursuant to Section 99313 of the Public Utilities Code.

(G) For the 2007–08 fiscal year, the first one hundred fifty-five million four hundred ninety-one thousand eight hundred thirty-seven dollars (\$155,491,837) in revenue estimated pursuant to this paragraph each quarter shall, notwithstanding any other provision of this paragraph or any other provision of law, be transferred quarterly to the Mass Transportation Fund. If revenue in any quarter is less than that amount, the transfer in the subsequent quarter or quarters shall be increased so that the total transferred for the fiscal year is six hundred twenty-one million nine hundred sixty-seven thousand three hundred forty-eight dollars (\$621,967,348).

(H) For the 2008–09 fiscal year and every fiscal year thereafter, 50 percent of the revenue estimated pursuant to this paragraph each quarter shall, notwithstanding any other provision of this paragraph or any other provision of law, be transferred to the Mass Transportation Fund.

(2) All revenues, less refunds, derived under this part at the $4\frac{3}{4}$ -percent rate, resulting from increasing, after December 31, 1989, the rate of tax imposed pursuant to the Motor Vehicle Fuel License Tax Law on motor vehicle fuel, as defined for purposes of that law, shall be transferred quarterly to the Public Transportation Account, a trust fund in the State Transportation Fund.

(3) All revenues, less refunds, derived under this part at the $4\frac{3}{4}$ -percent rate from the imposition of sales and use taxes on fuel, as defined for purposes of the Use Fuel Tax Law (Part 3 (commencing with Section 8601)) and the Diesel Fuel Tax Law (Part 31 (commencing with Section 60001)), shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and shall be transferred quarterly to the Public Transportation Account, a trust fund in the State Transportation Fund.

(4) All revenues, less refunds, derived under this part from the taxes imposed pursuant to Sections 6051.2 and 6201.2 shall be transferred to the Sales Tax Account of the Local Revenue Fund for allocation to cities and counties as prescribed by statute.

(5) All revenues, less refunds, derived from the taxes imposed pursuant to Section 35 of Article XIII of the California Constitution shall be transferred to the Public Safety Account in the Local Public Safety Fund created in Section 30051 of the Government Code for allocation to counties as prescribed by statute.

(b) The balance shall be transferred to the General Fund.

(c) The estimates required by subdivision (a) shall be based on taxable transactions occurring during a calendar year, and the transfers required by subdivision (a) shall be made during the fiscal year that commences during that same calendar year. Transfers required by paragraphs (1), (2), and (3) of subdivision (a) shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and shall be made quarterly.

(d) Notwithstanding the designation of the Public Transportation Account as a trust fund pursuant to subdivision (a), the Controller may use the Public Transportation Account for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. The loans shall be repaid with interest from the General Fund at the Pooled Money Investment Account rate.

(e) The Legislature may amend this section, by statute passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, if the statute is consistent with, and furthers the purposes of this section.

SEC. 5. Section 7103 is added to the Revenue and Taxation Code, to read:

7103. (a) The Mass Transportation Fund is hereby created in the State Treasury. Upon appropriation by the Legislature, moneys in the Mass Transportation Fund may be used for, but shall not necessarily be limited to, the following transportation purposes:

(1) Payment of debt service on transportation bonds, or reimbursement to the General Fund for past debt service payments on transportation bonds.

(2) Funding of the Department of Developmental Services for regional center transportation.

(3) Reimbursement to the General Fund for payments made by the General Fund pursuant to subdivision (f) of Section 1 of Article XIX B of the California Constitution.

(4) Funding of home-to-school transportation, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of the Education Code, and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of the Education Code.

(b) From moneys transferred to the fund pursuant to subparagraph (G) of paragraph (1) of subdivision (a) of Section 7102 in the 2007–08 fiscal year, the sum of five hundred thirty-nine million two hundred eighty-nine thousand three hundred forty-eight dollars (\$539,289,348) shall be transferred to the Transportation Debt Service Fund and eighty-two million six hundred seventy-eight thousand dollars

(\$82,678,000) shall be transferred to the General Fund as reimbursement for the payments made by the General Fund pursuant to subdivision (f) of Section 1 of Article XIX B of the California Constitution.

SEC. 6. Section 7105 of the Revenue and Taxation Code is amended to read:

7105. (a) The Transportation Deferred Investment Fund is hereby created in the State Treasury. The Transportation Deferred Investment Fund is to be considered part of the Transportation Investment Fund, except as specifically required for accounting purposes, in order to facilitate the repayment and allocation of revenues consistent with paragraph (1) of subdivision (f) of Section 1 of Article XIX B of the California Constitution as provided in this section and Section 7106.

(b) Pursuant to Section 14557 of the Government Code, the transfer of revenues from the General Fund to the Transportation Investment Fund that would have otherwise been required under subdivision (a) of Section 1 of Article XIX B of the California Constitution was partially suspended for the 2003–04 fiscal year. The amount of the transfer for the 2003–04 fiscal year was two hundred eighty-nine million dollars (\$289,000,000). According to the State Board of Equalization calculations, with the concurrence of the Department of Finance, the amount of the transfer suspended for the 2003–04 fiscal year was eight hundred sixty-seven million five hundred sixty-eight thousand dollars (\$867,568,000). On or before June 30 of each fiscal year until June 30, 2016, the Controller shall transfer an amount from the General Fund to the Transportation Deferred Investment Fund that is equal to the minimum repayment required by Article XIX B of the California Constitution. The repayment shall also include interest calculated at the Pooled Money Investment Account rate relative to the amounts that would otherwise have been available for the transportation programs described in paragraphs (2) to (5), inclusive, of subdivision (c) of Section 7104. The amount to be repaid by June 30, 2016, from the General Fund to the Transportation Deferred Investment Fund shall be reduced by the amount of any payment made to the Transportation Deferred Investment Fund from any funding source, excluding subdivision (d). The moneys deposited in the Transportation Deferred Investment Fund pursuant to this subdivision are continuously appropriated without regard to fiscal years for disbursement in the manner and for the purposes set forth in this section.

(c) The Controller, from the moneys deposited in the Transportation Deferred Investment Fund pursuant to subdivision (b) and Article XIX B of the California Constitution, shall make transfers and apportionments of those funds in the same manner and amounts that would have been made in the 2003–04 fiscal year from the Transportation Investment

Fund pursuant to Section 7104, as that section read on January 1, 2003, if the transfer of funds from the General Fund to the Transportation Investment Fund had not been partially suspended for the 2003–04 fiscal year pursuant to Section 14557 of the Government Code, except that in the 2007–08 fiscal year any remaining principle or interest owed to the Public Transportation Account shall be repaid first before any other transfers are made. However, in making those transfers and apportionments, the Controller shall take into account and deduct therefrom any transfers and apportionments that were made from the Transportation Investment Fund in the 2003–04 fiscal year from funds made available pursuant to subdivision (b) of Section 14557 of the Government Code. It is the intent of the Legislature that, upon completion of the transfer of funds pursuant to subdivision (b) from the General Fund to the Transportation Deferred Investment Fund, each of the transportation programs that was to have been funded during the 2003–04 fiscal year from the Transportation Investment Fund pursuant to Section 7104 of this code shall have received the amount of funding that the program would have received in the absence of the suspension of the transfer pursuant to Section 14557 of the Government Code.

(d) The interest that is to be deposited in the Transportation Deferred Investment Fund pursuant to subdivision (b) shall be allocated proportionately to each program element in paragraphs (2) to (5), inclusive, of subdivision (c) of Section 7104, based on the amount that each program did not receive in the 2003–04 fiscal year due to suspension of the transfer pursuant to Section 14557 of the Government Code.

(e) Four hundred ninety-five million dollars (\$495,000,000) is hereby appropriated from the General Fund to the Transportation Deferred Investment Fund for the purpose of paying a portion of the amount required to be paid pursuant to subdivision (b). The Controller shall make the payment immediately upon enactment of the statute amending this section in the 2005–06 Regular Session. Notwithstanding subdivision (c), these funds, shall be distributed as follows:

(1) The first one hundred ninety-two million dollars (\$192,000,000) and any interest due pursuant to this section shall remain in the Transportation Deferred Investment Fund to be used for projects in the State Transportation Improvement Program pursuant to paragraph (3) of subdivision (c) of Section 7104.

(2) The next one hundred ninety-two million dollars (\$192,000,000) and any interest due pursuant to this section shall be distributed to cities and counties, as follows:

(A) Ninety-six million dollars (\$96,000,000) and any interest due pursuant to this section shall be transferred to cities for the purposes

specified in Section 7104 pursuant to the formula in paragraph (5) of subdivision (c) of that section.

(B) Ninety-six million dollars (\$96,000,000) and any interest due pursuant to this section shall be transferred to counties for the purposes specified in Section 7104 pursuant to the formula in paragraph (4) of subdivision (c) of that section.

(3) Ninety-six million dollars (\$96,000,000) and any interest due pursuant to this section shall be transferred to the Public Transportation Account for allocation pursuant to Section 99312 of the Public Utilities Code.

(4) Any funds remaining following the distributions required by paragraphs (1), (2), and (3) shall be transferred to the Traffic Congestion Relief Fund, and shall be deemed to be funds received by that fund in the 2003–04 fiscal year.

(f) The Legislature finds and declares that continued investment in transportation is essential for the California economy. That investment reduces traffic congestion, assists in economic development, improves the condition of local streets and roads, and provides high-quality public transportation.

(g) Notwithstanding any other provision of law, the Department of Finance may adjust the budgeting, accounting, and reporting system for the Transportation Deferred Investment Fund so that unliquidated encumbrances are not reflected in the fund balance or financial statement.

SEC. 7. Section 7106 of the Revenue and Taxation Code is amended to read:

7106. (a) Pursuant to Section 14558 of the Government Code, the transfer of revenues from the General Fund to the Transportation Investment Fund that would have otherwise been required under subdivision (a) of Section 1 of Article XIX B of the California Constitution was suspended for the 2004–05 fiscal year. According to the State Board of Equalization calculations, with the concurrence of the Department of Finance, the amount of the transfer suspended for the 2004–05 fiscal year was one billion two hundred fifty-seven million nine hundred forty-six thousand dollars (\$1,257,946,000). On or before June 30 of each fiscal year until June 30, 2016, the Controller shall transfer an amount from the General Fund to the Transportation Deferred Investment Fund that is equal to the minimum repayment required by Article XIX B of the California Constitution. The repayment shall also include interest calculated at the Pooled Money Investment Account rate relative to the amounts that would otherwise have been available for the transportation programs described in paragraphs (2) to (5), inclusive, of subdivision (c) of Section 7104. The amount to be repaid by June 30, 2016, from the General Fund to the Transportation Deferred Investment

Fund shall be reduced by the amount of any payment made to the Transportation Deferred Investment Fund from any funding source.

(b) The money deposited in the Transportation Deferred Investment Fund pursuant to this section is continuously appropriated without regard to fiscal years for disbursement in the manner and for the purposes set forth in this section.

(c) The Controller, from the money deposited in the Transportation Deferred Investment Fund pursuant to subdivision (a) and Article XIXB of the California Constitution, shall make transfers and apportionments of those funds in the same manner and amounts that would have been made in the 2004–05 fiscal year from the Transportation Investment Fund pursuant to Section 7104, as that section read on January 1, 2003, if the transfer of funds from the General Fund to the Transportation Investment Fund had not been suspended for the 2004–05 fiscal year pursuant to Section 14558 of the Government Code. It is the intent of the Legislature that upon completion of the transfer of funds pursuant to subdivision (a) from the General Fund to the Transportation Deferred Investment Fund that each of the transportation programs that was to have been funded during the 2004–05 fiscal year from the Transportation Investment Fund pursuant to Section 7104 shall have received the amount of funding that the program would have received in the absence of the suspension of the transfer pursuant to Section 14558 of the Government Code.

(d) The interest that is to be deposited in the Transportation Deferred Investment Fund pursuant to subdivision (a) shall be allocated proportionately to each program element in paragraphs (2) to (5), inclusive, of subdivision (c) of Section 7104, based on the amount that each program did not receive in the 2004–05 fiscal year due to suspension of the transfer pursuant to Section 14558 of the Government Code.

(e) Seven hundred twenty million dollars (\$720,000,000) is hereby appropriated from the General Fund to the Transportation Deferred Investment Fund for the purpose of paying a portion of the amount required to be paid pursuant to subdivision (a). The Controller shall make the payment immediately upon enactment of the statute amending this section in the 2005–06 Regular Session. In addition, two hundred million dollars (\$200,000,000) transferred to the Transportation Deferred Investment Fund pursuant to subparagraph (F) of paragraph (1) of subdivision (a) of Section 7102 shall also be available for that purpose. Notwithstanding subdivision (c), these funds, totaling nine hundred twenty million dollars (\$920,000,000), shall be distributed as follows:

(1) The first two hundred thirty-two million dollars (\$232,000,000) and any interest due pursuant to this section shall remain in the Transportation Deferred Investment Fund to be used for projects in the

State Transportation Improvement Program pursuant to paragraph (3) of subdivision (c) of Section 7104.

(2) The next two hundred thirty-two million dollars (\$232,000,000) and any interest due pursuant to this section shall be distributed to cities and counties, as follows:

(A) One hundred sixteen million dollars (\$116,000,000) and any interest due pursuant to this section shall be transferred to cities for the purposes specified in Section 7104 pursuant to the formula in paragraph (5) of subdivision (c) of that section.

(B) One hundred sixteen million dollars (\$116,000,000) and any interest due pursuant to this section shall be transferred to counties for the purposes specified in Section 7104 pursuant to the formula in paragraph (4) of subdivision (c) of that section.

(3) One hundred sixteen million dollars (\$116,000,000) and any interest due pursuant to this section shall be transferred to the Public Transportation Account for allocation pursuant to Section 99312 of the Public Utilities Code.

(4) Any funds remaining following the distributions required by paragraphs (1), (2), and (3) shall be transferred to the Traffic Congestion Relief Fund, and shall be deemed to be funds received by that fund in the 2004–05 fiscal year. It is estimated that the amount to be available under this subparagraph will be three hundred fifteen million dollars (\$315,000,000).

SEC. 8. Section 2106 of the Streets and Highways Code is amended to read:

2106. A sum equal to the net revenue derived from one and four one-hundredths cent (\$0.0104) per gallon tax under the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301) of Division 2 of the Revenue and Taxation Code) shall be apportioned monthly from the Highway Users Tax Account in the Transportation Tax Fund among the counties and cities as follows:

(a) Four hundred dollars (\$400) per month shall be apportioned to each city and city and county and eight hundred dollars (\$800) per month shall be apportioned to each county and city and county.

(b) Commencing on July 31, 2007, and on the last day of each month after that date, the sum of six hundred thousand dollars (\$600,000) per month shall be transferred to the Bicycle Transportation Account in the State Transportation Fund.

(c) The balance shall be apportioned, as follows:

(1) A base sum shall be computed for each county by using the same proportions of fee-paid and exempt vehicles as are established for purposes of apportionment of funds under subdivision (d) of Section 2104.

(2) For each county, the percentage of the total assessed valuation of tangible property subject to local tax levies within the county which is represented by the assessed valuation of tangible property outside the incorporated cities of the county shall be applied to its base sum, and the resulting amount shall be apportioned to the county. The assessed valuation of taxable tangible property, for purposes of this computation, shall be that most recently used for countywide tax levies as reported to the Controller by the State Board of Equalization. If an incorporation or annexation is legally completed following the base sum computation, the new city's assessed valuation shall be deducted from the county's assessed valuation, the estimate of which may be provided by the State Board of Equalization.

(3) The difference between the base sum for each county and the amount apportioned to the county shall be apportioned to the cities of that county in the proportion that the population of each city bears to the total population of all the cities in the county. Populations used for determining apportionment of money under Section 2107 are to be used for purposes of this section.

SEC. 9. Section 21101.4 of the Vehicle Code is amended to read:

21101.4. (a) A local authority may, by ordinance or resolution, adopt rules and regulations for temporarily closing to through traffic a highway under its jurisdiction when all of the following conditions are, after a public hearing, found to exist:

(1) The local authority finds and determines that there is serious and continual criminal activity in the portion of the highway recommended for temporary closure. This finding and determination shall be based upon the recommendation of the police department or, in the case of a highway in an unincorporated area, on the joint recommendation of the sheriff's department and the Department of the California Highway Patrol.

(2) The highway is not designated as a through highway or arterial street.

(3) Vehicular or pedestrian traffic on the highway contributes to the criminal activity.

(4) The closure will not substantially adversely affect traffic flow, safety on the adjacent streets or in the surrounding neighborhoods, the operation of emergency vehicles, the performance of municipal or public utility services, or the delivery of freight by commercial vehicles in the area of the highway proposed to be temporarily closed.

(b) A highway may be temporarily closed pursuant to subdivision (a) for not more than 18 months, except that this period may be extended for not more than eight additional consecutive periods of not more than 18 months each if, prior to each of those extensions, the local authority

holds a public hearing and finds, by ordinance or resolution, that all of the following conditions exist:

(1) Continuation of the temporary closure will assist in preventing the occurrence or reoccurrence of the serious and continual criminal activity found to exist when the immediately preceding temporary closure was authorized. This finding and determination shall be based upon the recommendation of the police department or, in the case of a highway in an unincorporated area, on the joint recommendation of the sheriff's department and the Department of the California Highway Patrol.

(2) The highway is not designated as a through highway or arterial street.

(3) Vehicular or pedestrian traffic on the highway contributes to the criminal activity.

(4) The immediately preceding closure has not substantially adversely affected traffic flow, safety on the adjacent streets or in the surrounding neighborhoods, the operation of emergency vehicles, the performance of municipal or public utility services, or the delivery of freight by commercial vehicles in the area of the highway that was temporarily closed.

(c) The local authority shall mail written notice of the public hearing required under subdivision (a) or (b) to all residents and owners, as shown on the last equalized assessment roll, of property adjacent to the portion of highway where a temporary closure or extension of temporary closure is proposed.

SEC. 10. 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 contained in paragraph (2), for each terminal the motor carrier operates. This fee shall be submitted within

30 days of establishing a terminal. All fees submitted under paragraph (2) are nonrefundable.

(2) (A) The fee for each terminal is set forth in the following table:

Terminal fleet size	Required fee per terminal
1	\$ 270
2	\$ 375
3 to 8	\$ 510
9 to 15	\$ 615
16 to 25	\$ 800
26 to 50	\$1,040
51 to 90	\$1,165
91 or more	\$1,870

(B) In addition to the fee specified in subparagraph (A), the motor carrier shall submit an additional fee of three hundred fifty dollars (\$350) for each of its terminals not previously inspected under the section.

(3) Except as provided in paragraph (5), 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.

(4) 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.

(5) 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 (3), 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 (3).

(6) Failure to pay a fee required by this section, within the appropriate timeframe, shall result in additional delinquent fees as follows:

(A) For a delinquency period of more than 30 days, the penalty is 60 percent of the required fee.

(B) For a delinquency period of one to two years, the penalty is 80 percent of the required fee.

(C) For a delinquency period of more than two years, the penalty is 160 percent of the required fee.

(7) Federal, state, and local public entities are exempt from the fee requirement of this section.

(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) An 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 (2) 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 for permit or authority reinstatement 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. 11. Section 59 of Chapter 861 of the Statutes of 2000 is repealed.

SEC. 12. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to enact statutory changes needed to implement the Budget Act of 2007, it is necessary that this act take effect immediately.

CHAPTER 174

An act to amend Sections 41203.1, 41350, 48313, 48315, 49430, 56836.155, 60601, 60642, and 60810 of, to amend and repeal Sections 60603, 60604, 60605, 60605.6, 60606, 60640, 60643, and 60643.1 of, to add Sections 48314.5, 49430.7, and 52055.58 to, and to add and repeal Chapter 6.5 (commencing with Section 52060) of Part 28 of Division 4 of Title 2 of, the Education Code, to amend Section 17581.5 of the Government Code, to amend Section 37 of Chapter 79 of the Statutes of 2006, and to amend Item 6110-136-0890 of Section 2.00 of Chapter 47 of the Statutes of 2006, relating to education, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Section 41203.1 of the Education Code is amended to read:

41203.1. (a) For the 1990–91 fiscal year and each fiscal year thereafter, allocations calculated pursuant to Section 41203 shall be distributed in accordance with calculations provided in this section. Notwithstanding Section 41203, and for the purposes of this section, school districts, community college districts, and direct elementary and secondary level instructional services provided by the State of California shall be regarded as separate segments of public education, and each of these three segments of public education shall be entitled to receive respective shares of the amount calculated pursuant to Section 41203 as though the calculation made pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution were to be applied separately to each segment and the base year for the purposes of this calculation under paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution were based on the 1989–90 fiscal year. Calculations made pursuant to this subdivision shall be made so that each segment of public education is entitled to the greater of the amounts calculated for that segment pursuant to paragraph (1) or (2) of subdivision (b) of Section 8 of Article XVI of the California Constitution.

(b) If the single calculation made pursuant to Section 41203 yields a guaranteed amount of funding that is less than the sum of the amounts calculated pursuant to subdivision (a), the amount calculated pursuant to Section 41203 shall be prorated for the three segments of public education.

(c) Notwithstanding any other law, this section does not apply to the 1992–93 to 2007–08 fiscal years, inclusive.

SEC. 2. Section 41350 of the Education Code is amended to read:

41350. The Superintendent shall make allowances for child nutrition as follows:

(a) Reimbursement of child nutrition entities, as defined by Section 49530.5, for all free and reduced-price meals, pursuant to Section 49536.

(b) Reimbursement of school districts for the difference between the current fiscal year median statewide lunch or breakfast cost for all free and reduced-price meals required by Section 49550 as determined by the Superintendent and the combined total income per meal derived from pupil charges, federal funds, and state funds as provided in Article 11 (commencing with Section 49550) of Chapter 9 of Part 27.

(c) Reimbursement of county superintendents of schools for the difference between the current fiscal year median statewide lunch or breakfast cost for all free and reduced-price meals as determined by the Superintendent and the combined total income per meal derived from pupil charges, federal funds, and state funds as provided in Article 11 (commencing with Section 49550) of Chapter 9 of Part 27.

The combined state and federal reimbursements shall not exceed the current fiscal year median statewide lunch or breakfast cost. If the combined pupil charges, state reimbursements, and federal reimbursements exceed the current median statewide lunch or breakfast costs, the federal funds shall be expended prior to the expenditure of any state funds.

SEC. 3. Section 48313 of the Education Code is amended to read:

48313. (a) Pursuant to this article, each school district electing to accept transfer pupils shall keep an accounting of all requests made for alternative attendance and records of all disposition of those requests that may include, but are not limited to, all of the following:

(1) The number of requests granted, denied, or withdrawn. In the case of denied requests, the records may indicate the reasons for the denials.

(2) The number of pupils transferred out of the district pursuant to this article.

(3) The number of pupils transferred into the district pursuant to this article.

(b) The information maintained pursuant to subdivision (a) may be reported to the governing board of the school district at a regularly scheduled meeting of the governing board. The school district annually shall report the information maintained pursuant to subdivision (a) in addition to information regarding the district's status as a school district of choice to the Superintendent on or before a date designated by the Superintendent. Commencing in 2008, the Superintendent annually shall

make the information available to the Governor, the Legislature, and the public on or before April 1.

(c) On or before November 1, 2008, the department shall prepare and submit to the Legislature a report evaluating interdistrict transfer options within the state with an emphasis on the interdistrict transfer program established pursuant to this article. The report shall include, but is not limited to, the information described in paragraphs (1) to (3), inclusive, of subdivision (a) and all of the following:

(1) The number and characteristics of pupils who use one of the various interdistrict transfer options and other school choice options within the state, with a specific focus on pupils who use the interdistrict transfer program established pursuant to this article. The characteristics reported on pursuant to this paragraph shall include, but not be limited to, race, ethnicity, socioeconomic status, English proficiency, and whether or not the pupil participates in a special education program, the International Baccalaureate Program, or another specialized instructional program.

(2) The Academic Performance Index scores of schools in school districts of residence and school districts of choice for the previous five years, including subgroup scores.

(3) The graduation rates of school districts of residence and school districts of choice for the previous five years.

(4) The enrollment of school districts of residence and school districts of choice for the previous five years.

(5) The fiscal health of school districts of residence and school districts of choice, including, but not limited to, both of the following:

(A) Whether or not the school district is experiencing a decline in enrollment.

(B) Whether or not the school district received a negative or qualified rating of its certification pursuant to Section 42131.

(6) Whether any school district has exceeded the transfer limits in Section 48307 and the resulting implications for the impacted district.

(7) Other information the department deems appropriate, including information related to educational outcomes of school districts of residence and school districts of choice.

(8) Recommendations regarding the extension of the interdistrict transfer program pursuant to this article.

(d) To the extent practicable, the department shall survey school districts of residence and school districts of choice to gather the information described in paragraphs (1) to (7), inclusive, of subdivision (c).

SEC. 4. Section 48314.5 is added to the Education Code, to read:

48314.5. Notwithstanding any other provision of this article, commencing on the effective date of the act adding this section, the governing board of a school district that has not previously elected to participate in interdistrict transfers pursuant to this article shall not elect to become a school district of choice.

SEC. 5. Section 48315 of the Education Code is amended to read:

48315. This article shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 6. 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 a public school that maintains grade 7 or 8, 7 to 9, inclusive, or 7 to 10, inclusive.

(c) "High school" means a public school maintaining any of grades 9 to 12, inclusive.

(d) "Full meal" means a combination of food items that meet USDA-approved School Breakfast Program or National School Lunch Program meal pattern requirements or the menu planning options of Shaping Health as Partners in Education developed by the state (SHAPE California network).

(e) "Added sweetener" means an 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.

(i) "Deep fried" means a food item is cooked by total submersion in oil or fat.

(j) "Par fried" means a food item is fried to reach an internal temperature of 160 degrees Fahrenheit then is cooled to room temperature so that it may be refrigerated or frozen for future frying.

(k) "Flash fried" means a food item is quickly fried on both sides in oil with a temperature of 400 degrees Fahrenheit or higher.

SEC. 7. Section 49430.7 is added to the Education Code, to read:

49430.7. (a) For purposes of this section, the following terms have the following meanings:

(1) "School" means a school operated and maintained by a school district or county office of education, or a charter school.

(2) "School district" means a school district, charter school, or county office of education.

(3) "Child development program" means a program operated pursuant to Chapter 2 (commencing with Section 8200) of Part 6.

(b) As a condition of receipt of funds pursuant to Section 49430.5, commencing with the 2007–08 fiscal year, for meals and food items sold as part of the free and reduced-price meal programs, a school or school district shall comply with all of the following requirements and prohibitions:

(1) Follow the United States Department of Agriculture (USDA) nutritional guidelines or the menu planning options of Shaping Health as Partners in Education developed by the state (SHAPE California network).

(2) Not sell or serve a food item that has in any way been deep fried, par fried, or flash fried by a school or school district.

(3) Not sell or serve a food item containing artificial trans fat. A food item contains artificial trans fat if it contains vegetable shortening, margarine, or any kind of hydrogenated or partially hydrogenated vegetable oil, unless the manufacturer's documentation or the label required on the food, pursuant to applicable federal and state law, lists the trans fat content as less than 0.5 gram per serving.

(4) Not sell or serve a food item that has been deep fried, par fried, or flash fried in oil or fat as part of the manufacturing process. Oils and fats prohibited by this paragraph include, but are not limited to, palm, coconut, palm kernel, lard, typically solid at room temperature and are known to negatively impact cardiovascular health. Oils permitted by this paragraph include, but are not limited to, canola, safflower, sunflower, corn, olive, soybean, peanut, or a blend of these oils, typically liquid at room temperature and are known for their positive cardiovascular benefit.

(c) Commencing with the 2007–08 fiscal year, for meals and food items sold as part of the free and reduced-price meal programs, a child development program is encouraged to comply with all of the following guidelines:

(1) Meet developmentally and programmatically appropriate meal pattern and meal planning requirements developed by the USDA or menu planning options of Shaping Health as Partners in Education developed by the state (SHAPE California network).

(2) Not sell or serve a food item that has in any way been deep fried, par fried, or flash fried by a school, school district, or child development program.

(3) Not sell or serve a food item containing artificial trans fat. A food item contains artificial trans fat if it contains vegetable shortening, margarine, or any kind of hydrogenated or partially hydrogenated vegetable oil, unless the manufacturer's documentation or the label required on the food, pursuant to applicable federal and state law, lists the trans fat content as less than 0.5 gram per serving.

(4) Not sell or serve a food item that has been deep fried, par fried, or flash fried in oil or fat as part of the manufacturing process. Oils and fats prohibited by this paragraph include, but are not limited to, palm, coconut, palm kernel, lard, typically solid at room temperature and are known to negatively impact cardiovascular health. Oils permitted by this provision include, but are not limited to, canola, safflower, sunflower, corn, olive, soybean, peanut, or a blend of these oils, typically liquid at room temperature and are known for their positive cardiovascular benefit.

(d) The prohibitions and requirements of this section regarding food items sold or served by a school or school district apply to raw bulk USDA commodity foods ordered by schools or school districts and sent to commercial processors for conversion into ready to use end products, but do not apply to other USDA commodity foods until the scheduled 2009 reauthorization of the USDA National School Lunch Program is complete or ingredient and nutrition information is available for all USDA commodity foods, whichever is earlier.

(e) As a condition of receipt of funds pursuant to Section 49430.5, no later than June 30, 2008, schools and school districts shall provide the department with a one-time certification of compliance with the provisions of this section.

(f) This section shall become operative only upon an appropriation for its purposes in the annual Budget Act or another statute.

SEC. 8. Section 52055.58 is added to the Education Code, to read:
52055.58. By April 1, 2010, the department shall transmit to the appropriate fiscal and policy committees of the Legislature, the Legislative Analyst's Office, and the Department of Finance a copy of the final evaluation of the pilot project involving district assistance and intervention teams conducted by the department and a consortium of county offices of education.

SEC. 9. Chapter 6.5 (commencing with Section 52060) is added to Part 28 of Division 4 of Title 2 of the Education Code, to read:

CHAPTER 6.5. AMERICAN INDIAN EARLY CHILDHOOD EDUCATION PROGRAM

52060. (a) It is the intent and purpose of the Legislature that the American Indian Early Childhood Education Program provided for by this chapter be directed to improve the educational accomplishments of American Indian pupils in the educational systems in California.

(b) It is the intent of the Legislature to establish projects in American Indian education that are designed to develop and test educational models that increase competence in reading and mathematics. These instructional projects shall be provided in prekindergarten, kindergarten, and grades 1 to 4, inclusive.

(c) The Legislature recognizes the importance of American Indian parent-community involvement in the planning, implementing, and evaluation of the American Indian early childhood education programs.

52061. As used in this chapter:

(a) "State board" means the State Board of Education.

(b) "Superintendent" means the Superintendent of Public Instruction.

(c) "Project" means an organized undertaking in American Indian early childhood education that includes, but is not limited to, a description of the undertaking, a listing of the goals and objectives to be achieved, a statement of methods to be used, and the methods to be used in evaluating the success of the project.

52062. From the funds appropriated to the department for the purposes of this chapter, the Superintendent, with the approval of the state board, shall administer this chapter and make apportionments to school districts to meet the total approved expense that school districts incurred in establishing American Indian early childhood education programs.

52063. (a) The governing board of a school district receiving equalization aid, having a school in which there is a concentration of 10 percent or more of American Indian pupils, and that maintains prekindergarten or kindergarten, or both, and grades 1 to 4, inclusive, may apply to the Superintendent for a project in American Indian early childhood education.

(b) The governing boards of two or more of school districts that may apply for a project pursuant to subdivision (a) may apply jointly for a project in American Indian early childhood education.

(c) The application shall be made on forms provided by the Superintendent and in accordance with the rules and regulations adopted by the state board. The dates for making application shall be established by the Superintendent.

52064. Upon approval by the state board of an application under Section 52063, the Superintendent shall certify the amount to be apportioned to the applicant school district.

52065. (a) A school district receiving funds provided by Section 52062 shall establish a districtwide American Indian advisory committee for American Indian early childhood education.

(b) At each participating school, an American Indian parent advisory committee shall be established to increase communication and understanding between members of a community and the school officials. Each committee shall provide advice and suggestions on all parts of the program.

52066. This chapter shall remain in effect only until January 1, 2009, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2009, deletes or extends that date.

SEC. 10. Section 56836.155 of the Education Code is amended to read:

56836.155. (a) On or before November 2, 1998, the department, in conjunction with the Legislative Analyst's Office, shall do the following:

(1) Calculate an "incidence multiplier" for each special education local plan area using the definition, methodology, and data provided in the final report submitted by the American Institutes for Research pursuant to Section 67 of Chapter 854 of the Statutes of 1997.

(2) Submit the incidence multiplier for each special education local plan area and supporting data to the Department of Finance.

(b) The Department of Finance shall review the incidence multiplier for each special education local plan area and the supporting data, and report any errors to the department and the Legislative Analyst's Office for correction.

(c) The Department of Finance shall approve the final incidence multiplier for each special education local plan area by November 23, 1998.

(d) For the 1998–99 fiscal year and each fiscal year thereafter to and including the 2007–08 fiscal year, the Superintendent shall perform the following calculation to determine the adjusted entitlement of each special education local plan area for the incidence of disabilities:

(1) The incidence multiplier for the special education local plan area shall be multiplied by the statewide target amount per unit of average daily attendance for special education local plan areas determined pursuant to Section 56836.11 for the fiscal year in which the computation is made.

(2) The amount determined pursuant to paragraph (1) shall be added to the statewide target amount per unit of average daily attendance for

special education local plan area determined pursuant to Section 56836.11 for the fiscal year in which the computation is made.

(3) Subtract the amount of funding for the special education local plan area determined pursuant to paragraph (1) of subdivision (a) or paragraph (1) of subdivision (b) of Section 56836.08, as appropriate for the fiscal year in which the computation is made, or the statewide target amount per unit of average daily attendance for special education local plan areas determined pursuant to Section 56836.11 for the fiscal year in which the computation is made, whichever is greater, from the amount determined pursuant to paragraph (2). For the purposes of this paragraph for the 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years, the amount, if any, received pursuant to Section 56836.159 shall be excluded from the funding level per unit of average daily attendance for a special education local plan area. If the result is less than zero, the special education local plan area may not receive an adjusted entitlement for the incidence of disabilities.

(4) Multiply the amount determined in paragraph (3) by either the average daily attendance reported for the special education local plan area for the fiscal year in which the computation is made, as adjusted pursuant to subdivision (a) of Section 56836.15, or the average daily attendance reported for the special education local plan area for the prior fiscal year, as adjusted pursuant to subdivision (a) of Section 56826.15, whichever is less.

(5) If there are insufficient funds appropriated in the fiscal year for which the computation is made for the purposes of this section, the amount received by each special education local plan area shall be prorated.

(e) For the 1997–98 fiscal year, the Superintendent shall perform the calculation in paragraphs (1) to (3), inclusive, of paragraph (d) only for the purposes of making the computation in paragraph (1) of subdivision (d) of Section 56836.08, but the special education local plan area may not receive an adjusted entitlement for the incidence of disabilities pursuant to this section for the 1997–98 fiscal year.

SEC. 11. Section 60601 of the Education Code is amended to read:
60601. This chapter shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2012, deletes or extends that date.

SEC. 12. Section 60603 of the Education Code, as amended by Section 3 of Chapter 233 of the Statutes of 2004, is amended to read:

60603. (a) As used in this chapter:

(1) “Achievement test” means any standardized test that measures the level of performance that a pupil has achieved in the core curriculum areas.

(2) “Assessment of applied academic skills” means a form of assessment that requires pupils to demonstrate their knowledge of, and ability to apply, academic knowledge and skills in order to solve problems and communicate. It may include, but is not limited to, writing an essay response to a question, conducting an experiment, or constructing a diagram or model. An assessment of applied academic skills may not include assessments of personal behavioral standards or skills, including, but not limited to, honesty, sociability, ethics, or self-esteem.

(3) “Basic academic skills” means those skills in the subject areas of reading, spelling, written expression, and mathematics that provide the necessary foundation for mastery of more complex intellectual abilities, including the synthesis and application of knowledge.

(4) “Content standards” means the specific academic knowledge, skills, and abilities that all public schools in this state are expected to teach and all pupils expected to learn in each of the core curriculum areas, at each grade level tested.

(5) “Core curriculum areas” means the areas of reading, writing, mathematics, history-social science, and science.

(6) “Diagnostic assessment” means interim assessments of the current level of achievement of a pupil that serves both of the following purposes:

(A) The identification of particular academic standards or skills a pupil has or has not yet achieved.

(B) The identification of possible reasons that a pupil has not yet achieved particular academic standards or skills.

(7) “Direct writing assessment” means an assessment of applied academic skills that requires pupils to use written expression to demonstrate writing skills, including writing mechanics, grammar, punctuation, and spelling.

(8) “End of course exam” means a comprehensive and challenging assessment of pupil achievement in a particular subject area or discipline.

(9) “Performance standards” are standards that define various levels of competence at each grade level in each of the curriculum areas for which content standards are established. Performance standards gauge the degree to which a pupil has met the content standards and the degree to which a school or school district has met the content standards.

(10) “Publisher” means a commercial publisher or any other public or private entity, other than the department, which is able to provide tests or test items that meet the requirements of this chapter.

(11) “Statewide pupil assessment program” means the systematic achievement testing of pupils in grades 2 to 11, inclusive, pursuant to the standardized testing and reporting program under Article 4 (commencing with Section 60640) and the assessment of basic academic skills and applied academic skills, administered to pupils in grade levels

specified in subdivision (c) of Section 60605, required by this chapter in all schools within each school district by means of tests designated by the state board.

(b) This section shall become inoperative on July 1, 2011.

SEC. 13. Section 60603 of the Education Code, as added by Section 4 of Chapter 233 of the Statutes of 2004, is repealed.

SEC. 14. Section 60604 of the Education Code, as amended by Section 5 of Chapter 233 of the Statutes of 2004, is amended to read:

60604. (a) The Superintendent shall design and implement, consistent with the timetable and plan required pursuant to subdivision (b), a statewide pupil assessment program consistent with the testing requirements of this article in accordance with the objectives set forth in Section 60602. That program shall include all of the following:

(1) A plan for producing valid, reliable, and comparable individual pupil scores in grades 2 to 11, inclusive, and a comprehensive analysis of these scores based on the results of the achievement test designated by the state board that assesses a broad range of basic academic skills pursuant to the Standardized Testing and Reporting (STAR) Program established by Article 4 (commencing with Section 60640).

(2) A method of working with publishers to ensure valid, reliable, and comparable individual, grade-level, school-level, district-level, county-level, and statewide scores in grades 2 to 11, inclusive, that is based on the achievement test designated pursuant to subdivision (b) of Section 60605.

(3) Statewide academically rigorous content and performance standards that reflect the knowledge and skills that pupils will need in order to succeed in the information-based, global economy of the 21st century. These skills shall not include personal behavioral standards or skills, including, but not limited to, honesty, sociability, ethics, or self-esteem.

(4) A statewide system that provides the results of testing in a manner that reflects the degree to which pupils are achieving the academically rigorous content and performance standards adopted by the state board.

(5) The alignment of assessment with the statewide academically rigorous content and performance standards adopted by the state board.

(6) The active, ongoing involvement of parents, classroom teachers, administrators, other educators, governing board members of school districts, and the public in all phases of the design and implementation of the statewide pupil assessment program.

(7) The development of a contract or contracts with a publisher or publishers, after the approval of statewide academically rigorous content standards by the state board, for the development of performance standards and assessments of applied academic skills designed to test

pupils' knowledge of academic skills and abilities to apply that knowledge and those skills in order to solve problems and communicate.

(b) The Superintendent shall develop and annually update for the Legislature a five-year cost projection, implementation plan, and timetable for implementing the program described in subdivision (a). The annual update shall be submitted on or before March 1 of each year to the chairperson of the fiscal subcommittee considering budget appropriations in each house. The update shall explain any significant variations from the five-year cost projection for the current year budget and the proposed budget.

(c) The Superintendent shall provide each school district with guidelines for professional development that are designed to assist classroom teachers to use the results of the assessments administered pursuant to this chapter to modify instruction for the purpose of improving pupil learning. These guidelines shall be developed in consultation with classroom teachers and approved by the state board before dissemination.

(d) The Superintendent and the state board shall consider comments and recommendations from school districts and the public in the development, adoption, and approval of assessment instruments.

(e) The results of the achievement test administered pursuant to Article 4 (commencing with Section 60640) shall be returned to the school district within the period of time specified by the state board.

(f) This section shall become inoperative on July 1, 2011.

SEC. 15. Section 60604 of the Education Code, as added by Section 6 of Chapter 233 of the Statutes of 2004, is repealed.

SEC. 16. Section 60605 of the Education Code, as amended by Section 7 of Chapter 233 of the Statutes of 2004, is amended to read:

60605. (a) (1) (A) Not later than January 1, 1998, the state board shall adopt statewide academically rigorous content standards, pursuant to the recommendations of the Commission for the Establishment of Academic Content and Performance Standards, in the core curriculum areas of reading, writing, and mathematics to serve as the basis for assessing the academic achievement of individual pupils and of schools, school districts, and the California educational system. Not later than November 1, 1998, the state board shall adopt these standards in the core curriculum areas of history/social science and science.

(B) The state board shall adopt statewide performance standards in the core curriculum areas of reading, writing, mathematics, history/social science, and science based on the recommendations made by the Superintendent of a contractor or contractors.

(C) The state board shall require the contractor or contractors to submit performance standards to the Superintendent and the state board not later

than a specified date that allows sufficient opportunity for the Superintendent to make a recommendation to the state board and for the state board to conduct regional hearings prior to the adoption of the performance standards.

(2) (A) The state board may modify any proposed content standards or performance standards prior to adoption and may adopt content and performance standards in individual core curriculum areas as those standards are submitted to the state board. The state performance standards shall be established against specific grade level benchmarks of academic achievement for each subject area tested and shall be based on the knowledge and skills that pupils will need in order to succeed in the information-based, global economy of the 21st century. These skills shall not include personal behavioral standards or skills, including, but not limited to, honesty, sociability, ethics, or self-esteem. The standards adopted pursuant to this section shall be for the purpose of guiding state decisions regarding the development, adoption, and approval of assessment instruments pursuant to this chapter and does not mandate any actions or activities by school districts.

(B) Because these standards are models, the adoption of these standards is not subject to the Administrative Procedure Act. This subparagraph is declaratory of existing law.

(3) Before adopting academic content and performance standards, the state board shall hold regional hearings for the purpose of giving parents and other members of the public the opportunity to comment on the proposed standards.

(b) (1) The state board shall require the department to notify publishers of the opportunity to submit, for consideration by the state board pursuant to Section 60642, tests of achievement that include all of the basic academic skills identified in subdivision (c) of Section 60603 in grades 2 to 8, inclusive, and the core curriculum areas of English and language arts, mathematics, and science in grades 9 to 11, inclusive.

(2) The Superintendent shall recommend to the state board which achievement test to adopt pursuant to subdivision (b) of Section 60642.

(c) (1) The state board shall ensure that the statewide assessment system adopted pursuant to this chapter yields valid, reliable individual pupil scores and, where applicable, aggregate school scores, school district scores, and statewide scores of pupils and assesses basic academic skills and content standards, including the use of a direct writing assessment or other applied academic skills if deemed valid and reliable and if resources are made available for their use.

(2) This subdivision does not prevent the state board from developing or adopting an assessment instrument that also contains assessments of basic academic skills.

(d) To the extent feasible and as otherwise required, the state board shall ensure that assessments developed, or contracted for pursuant to Section 60642.5, by the state are aligned with the statewide content and performance standards adopted pursuant to subdivision (a). The department, with the approval of the state board, periodically shall contract for a review of the achievement test for conformance with these standards.

(e) After adopting statewide content and performance standards, the state board shall review the existing curriculum frameworks for conformity with the new statewide standards and shall modify the curriculum frameworks where appropriate to bring them into alignment with the standards.

(f) The state board shall adopt regulations for the conduct and administration of the testing and assessment program.

(g) The state board shall adopt a regulation for minimum security procedures that test and assessment publishers and school districts must follow to ensure the security and integrity of test and assessment questions and materials.

(h) This section shall become inoperative on July 1, 2011.

SEC. 17. Section 60605 of the Education Code, as added by Section 8 of Chapter 233 of the Statutes of 2004, is repealed.

SEC. 18. Section 60605.6 of the Education Code, as amended by Section 9 of Chapter 233 of the Statutes of 2004, is amended to read:

60605.6. Subject to the availability of funds in the annual Budget Act for this purpose, the Superintendent, upon approval of the state board, shall contract for the development and distribution of workbooks, as follows:

(a) One workbook to be distributed to all pupils in the 10th grade. This workbook shall contain information on the proficiency levels that must be demonstrated by pupils on the high school exit examination described in Chapter 9 (commencing with Section 60850). The workbook also shall contain sample questions, with explanations describing how these sample questions test pupil knowledge of the language arts and mathematics content standards adopted by the state board pursuant to Section 60605.

(b) Separate workbooks for each of grades 2 to 11, inclusive. Each pupil in grades 2 to 11, inclusive, who is required to take the achievement tests described in Section 60642 or Section 60642.5 shall receive a copy of the workbook designed for the same grade level in which the pupil is enrolled. These workbooks shall contain material to assist pupils and their parents with standards-based learning, including the grade appropriate academic content standards adopted by the state board pursuant to Section 60605 and sample questions that require knowledge

of these standards to answer. The workbooks also shall describe how the sample questions test knowledge of the state board adopted academic content standards.

(c) This section shall become inoperative on July 1, 2011.

SEC. 19. Section 60605.6 of the Education Code, as added by Section 10 of Chapter 233 of the Statutes of 2004, is repealed.

SEC. 20. Section 60606 of the Education Code, as amended by Section 11 of Chapter 233 of the Statutes of 2004, is amended to read:

60606. (a) After designating a test of academic achievement for use in grades 2 to 11, inclusive, pursuant to Section 60642, or adopting an assessment of applied academic skills for use in grades 4, 5, 8, and 10 pursuant to Section 60605, the state board shall submit each of those two instruments when designated or adopted to the Statewide Pupil Assessment Review Panel, which is hereby established, for review by the panel.

(b) The panel shall consist of six members. Three members shall be appointed by the Governor, one member shall be appointed by the Senate Committee on Rules, one member shall be appointed by the Speaker of the Assembly, and one member shall be appointed by the Superintendent. A majority of the panel shall consist of parents whose children attend public schools in the state in kindergarten and grades 1 to 12, inclusive.

(c) Panel members shall serve two-year terms, without compensation. No panel member shall serve more than two consecutive terms.

(d) The panel shall review the two instruments specified in subdivision (a) in order to ensure that the content of the instruments complies with the requirements of Section 60614. Notwithstanding any other provision of law, the panel may meet in closed session with a publisher for the purpose of addressing questions and clarifying issues that relate to ensuring that the content of the publisher's test or assessment, as the case may be, comply with the requirements of Section 60614.

(e) The panel shall report its findings and recommendations to the state board within 10 days of its receipt of each instrument. If the panel fails to report within the required 10 days, the test or assessment shall be deemed acceptable to the panel.

(f) This section shall become inoperative on July 1, 2011.

SEC. 21. Section 60606 of the Education Code, as added by Section 12 of Chapter 233 of the Statutes of 2004, is repealed.

SEC. 22. Section 60640 of the Education Code, as amended by Section 4 of Chapter 676 of the Statutes of 2005, is amended to read:

60640. (a) There is hereby established the Standardized Testing and Reporting Program, to be known as the STAR Program.

(b) Commencing in the 2004–05 fiscal year and each fiscal year thereafter, and from the funds available for that purpose, each school

district, charter school, and county office of education shall administer to each of its pupils in grades 3 and 7 the achievement test designated by the state board pursuant to Section 60642 and shall administer to each of its pupils in grades 2 to 11, inclusive, the standards-based achievement test provided for in Section 60642.5. The state board shall establish a testing period to provide that all schools administer these tests to pupils at approximately the same time during the instructional year, except as necessary to ensure test security and to meet the final filing date.

(c) The publisher and the school district shall provide two makeup days for the testing of previously absent pupils within the testing period established by the state board in subdivision (b).

(d) The governing board of the school district may administer achievement tests in grades other than those required by subdivision (b) as it deems appropriate.

(e) Pursuant to Section 1412(a)(17) of Title 20 of the United States Code, individuals with exceptional needs, as defined in Section 56026, shall be included in the testing requirement of subdivision (b) with appropriate accommodations in administration, where necessary, and those individuals with exceptional needs who are unable to participate in the testing, even with accommodations, shall be given an alternate assessment.

(f) (1) At the option of the school district, pupils with limited English proficiency who are enrolled in any of grades 2 to 11, inclusive, may take a second achievement test in their primary language. Primary language tests administered pursuant to this subdivision and subdivision (g) shall be subject to the requirements of subdivision (a) of Section 60641. These primary language tests shall produce individual pupil scores that are valid and reliable.

(2) Notwithstanding any other law, the state board shall designate for use, as part of this program, a single primary language test in each language for which a test is available for grades 2 to 11, inclusive, pursuant to the process used for designation of the assessment chosen in the 1997–98 fiscal year, as specified in Sections 60642 and 60643, as applicable.

(3) (A) The department shall use funds made available pursuant to Title VI of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) and appropriated by the annual Budget Act for the purpose of developing and adopting primary language assessments that are aligned to the state academic content standards. Subject to the availability of funds, primary language assessments shall be developed and adopted for reading/language arts and mathematics in the dominant primary language of limited-English-proficient pupils. The dominant primary language shall be determined by the count in the annual language

census of the primary language of each limited-English-proficient pupil enrolled in the California public schools.

(B) Once a dominant primary language assessment is available for use for a specific grade level, it shall be administered in place of the assessment designated pursuant to paragraph (1) for that grade level.

(C) In choosing a contractor to develop a primary language assessment the state board shall consider the criteria for choosing a contractor or test publisher as specified by Sections 60642 and 60643, and as specified by Section 60642.5, as applicable.

(D) Subject to the availability of funds, the assessments shall be developed in grade order starting with the lowest grade subject to the STAR Program.

(E) If the state board contracts for the development of primary language assessments or test items to augment an existing assessment, the state shall retain ownership rights to the assessment and the test items. With the approval of the state board, the department may license the test for use in other states subject to a compensation agreement approved by the Department of Finance.

(F) On or before January 1, 2006, the department shall submit to the Legislature a report on the development and implementation of the initial primary language assessments and recommendations on the development and implementation of future assessments and funding requirements.

(g) A pupil identified as limited English proficient pursuant to the administration of a test made available pursuant to Section 60810 who is enrolled in any of grades 2 to 11, inclusive, and who either receives instruction in his or her primary language or has been enrolled in a school in the United States for less than 12 months shall be required to take a test in his or her primary language if a test is available.

(h) (1) The Superintendent shall apportion funds to school districts to enable school districts to meet the requirements of subdivisions (b), (e), (f), and (g).

(2) The state board annually shall establish the amount of funding to be apportioned to school districts for each test administered and annually shall establish the amount that each publisher shall be paid for each test administered under the agreements required pursuant to Section 60643. The amounts to be paid to the publishers shall be determined by considering the cost estimates submitted by each publisher each September and the amount included in the annual Budget Act, and by making allowance for the estimated costs to school districts for compliance with the requirements of subdivisions (b), (e), (f), and (g).

(3) An adjustment to the amount of funding to be apportioned per test shall not be valid without the approval of the Director of Finance. A request for approval of an adjustment to the amount of funding to be

apportioned per test shall be submitted in writing to the Director of Finance and the chairpersons of the fiscal committees of both houses of the Legislature with accompanying material justifying the proposed adjustment. The Director of Finance is authorized to approve only those adjustments related to activities required by statute. The Director of Finance shall approve or disapprove the amount within 30 days of receipt of the request and shall notify the chairpersons of the fiscal committees of both houses of the Legislature of the decision.

(i) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation for the apportionments made pursuant to paragraph (1) of subdivision (h), and the payments made to the publishers under the contracts required pursuant to Section 60643 or subparagraph (C) of paragraph (1) of subdivision (a) of Section 60605 between the department and the contractor, are "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202, for the applicable fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for that fiscal year.

(j) As a condition to receiving an apportionment pursuant to subdivision (h), a school district shall report to the Superintendent all of the following:

(1) The number of pupils enrolled in the school district in grades 2 to 11, inclusive.

(2) The number of pupils to whom an achievement test was administered in grades 2 to 11, inclusive, in the school district.

(3) The number of pupils in paragraph (1) who were exempted from the test at the request of their parents or guardians.

(k) The Superintendent and the state board are authorized and encouraged to assist postsecondary educational institutions to use the assessment results of the California Standards Tests, including, but not limited to, the augmented California Standards Tests, for academic credit, placement, or admissions processes.

(l) The Superintendent, with the approval of the state board, annually shall release to the public at least 25 percent of test items from the standards-based achievement test provided for in Section 60642.5 from the test administered in the previous year.

(m) This section shall become inoperative on July, 1, 2011.

SEC. 23. Section 60640 of the Education Code, as amended by Section 5 of Chapter 676 of the Statutes of 2005, is repealed.

SEC. 24. Section 60642 of the Education Code is amended to read:

60642. (a) The Superintendent and the state board may consider any evaluations of independent experts who have not been employed by a test publisher in the preceding 12 months regarding the suitability of the achievement tests submitted by publishers as required by subdivision (b) of Section 60605 for use as part of the STAR Program established by this article.

(b) Based upon a review of the achievement tests submitted and the recommendation made by the Superintendent pursuant to subdivision (b) of Section 60605, the state board, in its sole discretion, based on the considerations set forth in Section 60644, shall designate for use as part of the STAR Program a single test in grades 3 and 7.

(c) The state board shall ensure that the achievement test designated pursuant to subdivision (b) contains the subject areas specified in subdivision (c) of Section 60603 for grades 3 and 7.

(d) The state board is hereby authorized to designate the achievement test to be administered pursuant to this article for more than one academic year subject to the availability of funds.

(e) The state board shall minimize, to the extent it deems feasible, the amount of testing time required by the assessment in subdivision (b) for those content areas for which there also exists a standards-based examination as provided for pursuant to Section 60642.5.

(f) This section shall become inoperative on July, 1, 2011.

SEC. 25. Section 60643 of the Education Code, as amended by Section 19 of Chapter 233 of the Statutes of 2004, is amended to read:

60643. (a) To be eligible for consideration under Section 60642 or 60642.5 by the state board, test publishers shall agree in writing each year to meet the following requirements, as applicable, if selected:

(1) Enter into an agreement, pursuant to subdivision (e) or (f), with the department by October 15 of that year.

(2) With respect to selection under Section 60642.5, align the standards-based achievement test provided for in Section 60642.5 to the academically rigorous content and performance standards adopted by the state board.

(3) Comply with subdivisions (c) and (d) of Section 60645.

(4) Provide valid and reliable individual pupil scores only in the content areas specified in subdivision (c) of Section 60642 to parents or guardians, teachers, and school administrators.

(5) Provide valid and reliable aggregate scores only in the content areas specified in subdivision (c) of Section 60642 to school districts and county boards of education in all of the following forms and formats:

(A) Grade level.

(B) School level.

(C) District level.

(D) Countywide.

(E) Statewide.

(F) Comparison of statewide scores relative to other states.

(6) Provide disaggregated scores, based on limited-English-proficient status and nonlimited-English-proficient status. For purposes of this section, pupils with “nonlimited-English-proficient status” shall include the total of those pupils who are English-only pupils, fluent-English-proficient pupils, and redesignated fluent-English-proficient pupils. These scores shall be provided to school districts and county boards of education in the same forms and formats listed in paragraph (5).

(7) Provide disaggregated scores by pupil gender and ethnicity and provide disaggregated scores based on whether pupils are economically disadvantaged or not. These disaggregated scores shall be in the same forms and formats as listed in paragraph (5). In any one year, the disaggregation shall entail information already being collected by school districts, county offices of education, or charter schools.

(8) Provide disaggregated scores for pupils who have individualized education programs and have enrolled in special education, to the extent required by federal law. These scores shall be provided in the same forms and formats listed in paragraph (5). This section shall not be construed to exclude the scores of special education pupils from any state or federal accountability system.

(9) Provide information listed in paragraphs (5), (6), (7), and (8) to the department and the state board in the medium requested by each entity, respectively.

(b) It is the intent of the Legislature that the publisher work with the Superintendent and the state board in developing a methodology to disaggregate statewide scores as required in paragraphs (6) and (7) of subdivision (a), and in determining which variable indicated on the STAR testing document shall serve as a proxy for “economically disadvantaged” status pursuant to paragraph (7).

(c) Access to any information about individual pupils or their families shall be granted to the publisher only for purposes of correctly associating test results with the pupils who produced those results or for reporting and disaggregating test results as required by this section. School districts are prohibited from excluding a pupil from the test if a parent or parents decline to disclose income. This chapter does not abridge or deny rights to confidentiality contained in the federal Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Sec. 1232g) or other applicable provisions of state and federal law that protect the confidentiality of information collected by educational institutions.

(d) Notwithstanding any other provision of law, the publisher of the achievement test designated pursuant to Section 60642, the publisher of the standards-based achievement test provided for in Section 60642.5, or any contractor under subdivision (f) shall comply with all of the conditions and requirements enumerated in subdivision (a), as applicable, to the satisfaction of the state board.

(e) (1) A publisher shall not provide a test described in Section 60642, 60642.5, or 60650 or in subdivision (f) of Section 60640 for use in California public schools, unless the publisher enters into a written contract with the department as set forth in this subdivision.

(2) The department shall develop, and the state board shall approve, a contract to be entered into with any publisher pursuant to paragraph (1). The department may develop the contract through negotiations with the publisher.

(3) For purposes of the contracts authorized pursuant to this subdivision, the department is exempt from the requirements of Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code and from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code.

(4) The contracts shall include provisions for progress payments to the publisher for work performed or costs incurred in the performance of the contract. Not less than 10 percent of the amount budgeted for each separate and distinct component task provided for in each contract shall be withheld pending final completion of all component tasks by that publisher. The total amount withheld pending final completion shall not exceed 10 percent of the total contract price.

(5) The contracts shall require liquidated damages to be paid by the publisher in the amount of up to 10 percent of the total cost of the contract for any component task that the publisher through its own fault or that of its subcontractors fails to substantially perform by the date specified in the agreement.

(6) The contracts shall establish the process and criteria by which the successful completion of each component task shall be recommended by the department and approved by the state board.

(7) The publishers shall submit, as part of the contract negotiation process, a proposed budget and invoice schedule, that includes a detailed listing of the costs for each component task and the expected date of the invoice for each completed component task.

(8) The contracts shall specify the following component tasks, as applicable, that are separate and distinct:

(A) Development of new tests or test items as required by paragraph (2) of subdivision (a).

(B) Test materials production or publication.

- (C) Delivery of test materials to school districts.
- (D) Test processing, scoring, and analyses.
- (E) Reporting of test results to the school districts, including, but not limited to, all reports specified in this section.
- (F) Reporting of test results to the department, including, but not limited to, the electronic files required pursuant to this section.
- (G) All other analyses or reports required by the Superintendent to meet the requirements of state and federal law and set forth in the agreement.

(9) The contracts shall specify the specific reports and data files, if any, that are to be provided to school districts by the publisher and the number of copies of each report or file to be provided.

(10) The contracts shall specify the means by which any delivery date for materials to each school district shall be verified by the publisher and the school district.

(11) School districts may negotiate a separate agreement with the publisher for any additional materials or services not within the contracts specified in this subdivision, including, but not limited to, the administration of the tests to pupils in grade levels other than grades 2 to 11, inclusive. Any separate agreement is not within the scope of the contract specified in this subdivision.

(f) The department, with approval of the state board, may enter into a separate contract for the development or administration of any test authorized pursuant to this part, including, but not limited to, item development, coordination of tests, assemblage of tests or test items, scoring, or reporting. The liquidated damages provision set forth in paragraph (5) of subdivision (e) shall apply to any contract entered into pursuant to this subdivision.

(g) This section shall become inoperative on July, 1, 2011.

SEC. 26. Section 60643 of the Education Code, as added by Section 20 of Chapter 233 of the Statutes of 2004, is repealed.

SEC. 27. Section 60643.1 of the Education Code, as amended by Section 21 of Chapter 233 of the Statutes of 2004, is amended to read:

60643.1. (a) (1) The test publisher designated by the state board pursuant to Section 60642 shall make available a reading list on the Internet by June 1 of the applicable school year. The reading list shall include an index that correlates ranges of pupil reading scores on the English language arts portion of the achievement test designated pursuant to Section 60642 to titles of materials that would be suitable for pupils in each of grades 2 to 11, inclusive, to read in order to improve their reading skills. This reading list shall include titles of books that allow a pupil to practice reading at his or her current reading level and that will assist the pupil in achieving a higher level of proficiency. To the extent

possible, the index also shall include information related to the subject matter of each title. At a minimum, the reading list also shall categorize titles by subject matter and identify age-appropriate distinctions in the list.

(2) The test publisher, in each school year, shall make available for purchase by school districts a report that provides a numerical distribution of the reading scores of all pupils in California who took the achievement test designated pursuant to Section 60642.

(3) The test publisher, in each school year, shall make available for purchase by school districts reading lists that can be distributed to pupils based on a pupil's age and the ranges of scores on the English language arts portion of the achievement test designated pursuant to Section 60642.

(4) The requirements of this subdivision shall become operative only upon a determination by the Director of Finance that funds are available to make an adjustment pursuant to subdivision (h) of Section 60640.

(b) The state board and the Superintendent jointly shall certify that the process used by the publisher to determine the reading levels of the corresponding reading list pursuant to paragraph (1) of subdivision (a) meets the following criteria:

(1) The process is educationally valid.

(2) The process results in a reading list for each reading span that provides titles at the pupil's current reading level and the next higher level for challenging practice.

(3) The process results in a selection from the universe of titles from the list developed pursuant to subdivision (d) that matches each reading level.

(4) The process is unbiased in the selection of publishers' titles from the legal compliance list.

(c) The titles listed at each reading level range posted on the Internet and the reading lists made available to school districts pursuant to subdivision (a), at a minimum, shall include all relevant literature materials approved as of September 1, 1999, as being legally compliant pursuant to Article 3 (commencing with Section 60040) of Chapter 1 of Part 33, and the titles listed in all of the content area reading and literature lists that are developed and published by the department and that have been determined by the department to meet the relevant reading level as certified pursuant to subdivision (b).

(d) By imposing the requirements of this section on publishers, it is not the intent of the Legislature to unfairly disadvantage any publisher who has otherwise met the requirements of this section or of Article 3 (commencing with Section 60040) of Chapter 1 of Part 33.

(e) This section shall become inoperative on July, 1, 2011.

SEC. 28. Section 60643.1 of the Education Code, as added by Section 22 of Chapter 233 of the Statutes of 2004, is repealed.

SEC. 29. Section 60810 of the Education Code is amended to read:

60810. (a) (1) The Superintendent shall review existing tests that assess the English language development of pupils whose primary language is a language other than English. The tests shall include, but not be limited to, an assessment of achievement of these pupils in English reading, speaking, and written skills. The Superintendent shall determine which tests, if any, meet the requirements of subdivisions (b) and (c). If any existing test or series of tests meets these criteria, the Superintendent, with approval of the state board, shall report to the Legislature on its findings and recommendations.

(2) If no suitable test exists, the Superintendent shall explore the option of a collaborative effort with other states to develop a test or series of tests and share test development costs. If no suitable test exists, the Superintendent, with approval of the state board, may contract to develop a test or series of tests that meets the criteria of subdivisions (b) and (c) or may contract to modify an existing test or series of tests so that it will meet the requirements of subdivisions (b) and (c).

(3) The Superintendent and the state board shall release a request for proposals for the development of the test or series of tests required by this subdivision. The state board shall select a contractor or contractors for the development of the test or series of tests required by this subdivision, to be available for administration during the 2000–01 school year.

(4) The Superintendent shall apportion funds appropriated to enable school districts to meet the requirements of subdivision (d). The state board shall establish the amount of funding to be apportioned per test administered, based on a review of the cost per test.

(5) An adjustment to the amount of funding to be apportioned per test is not valid without the approval of the Director of Finance. A request for approval of an adjustment to the amount of funding to be apportioned per test shall be submitted in writing to the Director of Finance and the chairpersons of the fiscal committees of both houses of the Legislature with accompanying material justifying the proposed adjustment. The Director of Finance is authorized to approve only those adjustments related to activities required by statute. The Director of Finance shall approve or disapprove the amount within 30 days of receipt of the request and shall notify the chairpersons of the fiscal committees of both houses of the Legislature of the decision.

(b) (1) The test or series of tests developed or acquired pursuant to subdivision (a) shall have sufficient range to assess pupils in grades 2 to 12, inclusive, in English listening, speaking, reading, and writing

skills. Pupils in kindergarten and grade 1 shall be assessed in English listening and speaking, and, once an assessment is developed, early literacy skills. The early literacy assessment shall be administered for a period of three years beginning after the initial administration of the assessment or until July 1, 2012, whichever occurs first. Six months after the results of the last administered assessment are collected, but no later than January 1, 2013, the department shall report to the Legislature on the administration of the kindergarten and grade 1 early literacy assessment results, as well as on the administrative process, in order to determine whether reauthorization of the early literacy assessment is appropriate.

(2) In the development and administration of the assessment for pupils in kindergarten and grade 1, the department shall minimize any additional assessment time, to the extent possible. To the extent that it is technically possible, items that are used to assess listening and speaking shall be used to measure early literacy skills. The department shall ensure that the test and procedures for its administration are age and developmentally appropriate. Age and developmentally appropriate procedures for administration may include, but are not limited to, one-on-one administration, a small group setting, and orally responding or circling a response to a question.

(c) The test or series of tests shall meet all of the following requirements:

(1) Provide sufficient information about pupils at each grade level to determine levels of proficiency ranging from no English proficiency to fluent English proficiency with at least two intermediate levels.

(2) Have psychometric properties of reliability and validity deemed adequate by technical experts.

(3) Be capable of administration to pupils with any primary language other than English.

(4) Be capable of administration by classroom teachers.

(5) Yield scores that allow comparison of the growth of a pupil over time, can be tied to readiness for various instructional options, and can be aggregated for use in the evaluation of program effectiveness.

(6) Not discriminate on the basis of race, ethnicity, or gender.

(7) Be aligned with the standards for English language development adopted by the state board pursuant to Section 60811.

(8) Be age and developmentally appropriate for pupils.

(d) The test shall be used for the following purposes:

(1) To identify pupils who are limited English proficient.

(2) To determine the level of English language proficiency of pupils who are limited English proficient.

(3) To assess the progress of limited-English-proficient pupils in acquiring the skills of listening, reading, speaking, and writing in English.

SEC. 30. Section 17581.5 of the Government Code is amended to read:

17581.5. (a) A school district shall not be required to implement or give effect to the statutes, or a portion of the statutes, identified in subdivision (b) during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply:

(1) The statute or a portion of the statute, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of school districts pursuant to Section 6 of Article XIII B of the California Constitution.

(2) The statute, ora portion of the statute, or the test claim number utilized by the commission, specifically has been identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered specifically to have been identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it specifically is identified in the language of a provision of the item providing the appropriation for mandate reimbursements.

(b) This section applies only to the following mandates:

(1) The School Bus Safety I (CSM-4433) and II (97-TC-22) mandates (Chapter 642 of the Statutes of 1992; Chapter 831 of the Statutes of 1994; and Chapter 739 of the Statutes of 1997).

(2) The School Crimes Reporting II mandate (97-TC-03; and Chapter 759 of the Statutes of 1992 and Chapter 410 of the Statutes of 1995).

(3) Investment reports (96-358-02; and Chapter 783 of the Statutes of 1995 and Chapters 156 and 749 of the Statutes of 1996).

(4) County treasury oversight committees (96-365-03; and Chapter 784 of the Statutes of 1995 and Chapter 156 of the Statutes of 1996).

(5) Grand jury proceedings mandate (98-TC-27; and Chapter 1170 of the Statutes of 1996, Chapter 443 of the Statutes of 1997, and Chapter 230 of the Statutes of 1998).

(6) Sexual Harassment Training in the Law Enforcement Workplace (97-TC-07; and Chapter 126 of the Statutes of 1993).

SEC. 31. Section 37 of Chapter 79 of the Statutes of 2006 is amended to read:

Sec. 37. (a) Three hundred eighty-eight million two hundred eighty-three thousand dollars (\$388,283,000) is hereby appropriated from the General Fund, for expenditure during the 2007–08 fiscal year, in accordance with the following schedule:

(1) Six million two hundred twenty-seven thousand dollars (\$6,227,000) 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 2006.

(2) Sixty-three million three hundred ninety-one thousand dollars (\$63,391,000) 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 2006. Of the amount appropriated by this paragraph, fifty-one million sixty-one thousand dollars (\$51,061,000) shall be expended consistent with Schedule (1) of Item 6110-104-0001 of Section 2.00 of the Budget Act of 2006, and twelve million three hundred thirty thousand dollars (\$12,330,000) shall be expended consistent with Schedule (2) of that item.

(3) Twenty-six million seven hundred twenty-six thousand dollars (\$26,726,000) 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 2006. Of the amount appropriated by this paragraph, four million six hundred ninety thousand dollars (\$4,690,000) shall be expended consistent with Schedule (3) of Item 6110-104-0001 of Section 2.00 of the Budget Act of 2006, and twenty-two million thirty-six thousand dollars (\$22,036,000) shall be expended consistent with Schedule (4) of that item.

(4) Thirty-nine million six hundred thirty thousand dollars (\$39,630,000) 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 2006.

(5) Fifty-two million five hundred eighty-three thousand dollars (\$52,583,000) 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 2006.

(6) Four million two hundred ninety-four thousand dollars (\$4,294,000) 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 2006.

(7) Forty-five million eight hundred ninety-six thousand dollars (\$45,896,000) 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 2006.

(8) Four million seven hundred fifty-one thousand dollars (\$4,751,000) to the State Department of Education for community day schools to be expended consistent with the requirements specified in of Item 6110-190-0001 of Section 2.00 of the Budget Act of 2006.

(9) Five million nine hundred forty-seven thousand dollars (\$5,947,000) 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 the Budget Act of 2006.

(10) Thirty-eight million seven hundred twenty thousand dollars (\$38,720,000) 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 2006.

(11) One hundred million one hundred eighteen thousand dollars (\$100,118,000) to the State Department of Education for Targeted Instructional Improvement Grant Program to be expended consistent with the requirements specified in Item 6110-246-0001 of Section 2.00 of the Budget Act of 2006.

(b) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by 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 2007–08 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 2007–08 fiscal year.

SEC. 32. Item 6110-136-0890 of Section 2.00 of the Budget Act of 2006 (Chapter 47 of the Statutes of 2006) is amended to read:

6110-136-0890—For local assistance, Department of Education, payable from the Federal Trust Fund..... 1,760,816,000
Schedule:

- (1) 10.30.060-Title I-ESEA..... 1,680,283,000
- (2) 10.30.065-McKinney-Vento Homeless Children Education..... 8,409,000
- (3) 10.30.080-Title I-School Improvement..... 72,124,000

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 Schools 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), \$10,000,000 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.
3. Of the funds appropriated in Schedule (3), up to \$2,000,000 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), up to \$22,069,000 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 (3), \$16,180,000 shall be available pursuant to Article 3.1 (commencing with Section 52055.57) of Chapter 6.1 of Part 28 of the Education Code, for Title I district accountability.
6. The funds appropriated in Schedule (1) include a one-time carryover from prior years of \$3,500,000, available for the Even Start program.
7. The funds appropriated in Schedule (2) include a one-time carryover of \$500,000 to support the existing McKinney-Vento Homeless Children Education program.

9. The funds appropriated in Schedule (1) include a one-time carryover of \$24,300,000 to support the Title I Basic Program.
10. The funds appropriated in Schedule (3) include a one-time carryover of \$22,275,000 to support the Title I School Improvement program.

SEC. 33. In order to be eligible for an allocation of funds made available pursuant to paragraph (6) of subdivision (a) of Section 9 of Chapter 371 of the Statutes of 2006, a school district or charter school that applies for that funding shall complete and submit to the county superintendent of schools on or before June 30, 2009, its plan for meeting its outstanding long-term fiscal obligations concerning retired employee nonpension benefits.

SEC. 34. The allocation of funds a school district, charter school, or county office of education receives pursuant to paragraph (16) of subdivision (a) of Section 43 of Chapter 79 of the Statutes of 2006, as amended by Section 9 of Chapter 371 of the Statutes of 2006, shall be used solely for the following:

- (a) Art and music supplies and equipment.
- (b) Physical education supplies and equipment.
- (c) Professional development in arts, music, physical education, or physical fitness.

SEC. 35. It is the intent of the Legislature to enact legislation requiring the clear articulation of a data access policy that is both compliant with the federal Family Educational Rights and Privacy Act (20 U.S.C. Sec. 1232g) and related federal regulations and allows parents, educators, researchers, policymakers, and the public appropriate access to the longitudinal data that will be available in the California Longitudinal Pupil Achievement Data System (CALPADS). To further that intent, the State Department of Education shall provide a report, no later than August 1, 2007, to the Legislature, the Department of Finance, the Office of the Secretary for Education, and the Legislative Analyst's Office that includes all of the following:

- (a) The current guideline used by the department regarding access to data within CALPADS.
- (b) A summary of the ways in which other states interpret and apply the federal Family Educational Rights and Privacy Act (20 U.S.C. Sec. 1232g) to longitudinal pupil data.
- (c) Suggestions, based on current knowledge and understanding, for options to ensure access that is consistent with the federal Family Educational Rights and Privacy Act (20 U.S.C. Sec. 1232g).

SEC. 36. Notwithstanding Sections 42238.1 and 42238.15 of the Education Code or any other provision of law, the cost-of-living adjustment for Items 6110-104-0001, 6110-105-0001, 6110-111-0001, 6110-156-0001, 6110-158-0001, 6110-161-0001, 6110-189-0001, 6110-190-0001, 6110-196-0001, 6110-232-0001, 6110-234-0001, 6110-244-0001, and 6110-246-0001 of Section 2.00 of the Budget Act of 2006 (Chapter 47 of the Statutes of 2006), and those items identified in subdivision (b) of Section 12.40 of the Budget Act of 2006, is 4.53 percent. All funds appropriated in the items identified in this section are in lieu of the amounts that would otherwise be appropriated pursuant to any other provision of law.

SEC. 37. Notwithstanding any other provision of law, the funds appropriated pursuant to Items 6110-103-0001, 6110-104-0001, 6110-105-0001, 6110-111-0001, 6110-124-0001, 6110-156-0001, 6110-158-0001, 6110-161-0001, 6110-190-0001, 6110-211-0001, and 6110-243-0001 of Section 2.00 of the Budget Act of 2007 are available for encumbrance until July 31, 2010, and after that date, all remaining unencumbered funds in those items shall revert to the Proposition 98 Reversion Account.

SEC. 38. (a) The sum of three hundred eighty-eight million two hundred eighty-three thousand dollars (\$388,283,000) is hereby appropriated from the General Fund, for expenditure during the 2008–09 fiscal year, in accordance with the following schedule:

(1) Six million two hundred twenty-seven thousand dollars (\$6,227,000) 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 2007.

(2) Ninety million one hundred seventeen thousand dollars (\$90,117,000) 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 2007. Of the amount appropriated by this paragraph, fifty-one million sixty-one thousand dollars (\$51,061,000) shall be expended consistent with Schedule (1) of Item 6110-104-0001 of Section 2.00 of the Budget Act of 2007, twelve million three hundred thirty thousand dollars (\$12,330,000) shall be expended consistent with Schedule (2) of that item, four million six hundred ninety thousand dollars (\$4,690,000) shall be expended consistent with Schedule (3) of that item, and twenty-two million thirty-six thousand dollars (\$22,036,000) shall be expended consistent with Schedule (4) of that item.

(3) Thirty-nine million six hundred thirty thousand dollars (\$39,630,000) 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 2007.

(4) Fifty-two million five hundred eighty-three thousand dollars (\$52,583,000) 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 2007.

(5) Four million two hundred ninety-four thousand dollars (\$4,294,000) 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 2007.

(6) Forty-five million eight hundred ninety-six thousand dollars (\$45,896,000) 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 2007.

(7) Four million seven hundred fifty-one thousand dollars (\$4,751,000) to the State Department of Education for community day schools to be expended consistent with the requirements specified in of Item 6110-190-0001 of Section 2.00 of the Budget Act of 2007.

(8) Five million nine hundred forty-seven thousand dollars (\$5,947,000) 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 the Budget Act of 2007.

(9) Thirty-eight million seven hundred twenty thousand dollars (\$38,720,000) 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 2007.

(10) One hundred million one hundred eighteen thousand dollars (\$100,118,000) to the State Department of Education for Targeted Instructional Improvement Grant Program to be expended consistent with the requirements specified in Item 6110-246-0001 of Section 2.00 of the Budget Act of 2007.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by 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 2008–09 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 2008–09 fiscal year.

SEC. 39. (a) The sum of two hundred million dollars (\$200,000,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges for apportionments to community college districts, for expenditure during the 2008–09 fiscal year, to be expended in accordance with Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2007.

(b) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by 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 2008–09 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 2008–09 fiscal year.

SEC. 40. It is the intent of the Legislature that for the 2008–09 fiscal year, after funding cost-of-living and enrollment growth adjustments for kindergarten and grades 1 to 12, inclusive, education programs operated in the 2007–08 fiscal year, a priority for the allocation of any additional funds available for kindergarten and grades 1 to 12, inclusive, within the Proposition 98 minimum guarantee shall be to fund revenue limit equalization in a manner consistent with Section 42238.48 of the Education Code.

SEC. 41. 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. 42. 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 2007 at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 175

An act to amend Sections 15819.40, 15819.401, 15819.41, 15819.411, and 15820.907 of the Government Code, to amend Sections 1557, 4016.5, 4750, 4758, 6005, 6051, 6126, 7000, and 7003.5 of, and to add Sections 2063, 3007, and 7050 to, the Penal Code, to amend Sections 208.5, 731,

736, 1731.5, 1766, 1767.3, and 1776 of, to amend and repeal Section 1798.5 of, to add Sections 731.1 and 1767.35 to, to add Chapter 1.5 (commencing with Section 1950) to Division 2.5 of, and to repeal and add Section 733 of, the Welfare and Institutions Code, relating to corrections, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Section 15819.40 of the Government Code is amended to read:

15819.40. (a) (1) (A) The Department of Corrections and Rehabilitation shall design, construct, or renovate prison housing units, prison support buildings, and programming space in order to add approximately 7,484 beds at the following prison facilities:

- (i) Pleasant Valley State Prison.
- (ii) Pelican Bay State Prison.
- (iii) California State Prison, Los Angeles County.
- (iv) Calipatria State Prison.
- (v) Centinela State Prison.
- (vi) Salinas Valley State Prison.
- (vii) Kern Valley State Prison.
- (viii) Wasco State Prison.
- (ix) North Kern State Prison.
- (x) Mule Creek State Prison.

(B) The department shall complete site assessments at prison facilities at which it intends to construct or renovate additional housing units, support buildings, and programming space. The department may use the funding provided in Section 28 of Chapter 7 of the Statutes of 2007 to complete these site assessments. After completing these site assessments, the department shall define the scope and cost of each project pursuant to subdivision (d).

(C) The authority contained in subparagraphs (A) and (B) may be used to develop approximately 12,000 new prison beds including appropriate programmatic space pursuant to paragraph (2) of subdivision (a) and, together with the funds appropriated in Section 15819.403 for this purpose, shall constitute the scope of a single capital outlay project for purposes of calculating augmentations pursuant to Section 13332.11 as described in Section 15819.401.

(2) Any new beds constructed pursuant to this section shall be supported by rehabilitative programming for inmates, including, but not limited to, education, vocational programs, substance abuse treatment programs, employment programs, and prerelease planning.

(3) The purpose of beds constructed pursuant to this section is to replace the temporary beds currently in use, and they are not intended to house additional inmates. For the purposes of this section, "temporary beds" shall be defined as those that are placed in gymnasiums, classrooms, hallways, or other public spaces that were not constructed for the purpose of housing inmates.

(b) The Department of Corrections and Rehabilitation may acquire land, design, construct, and renovate reentry program facilities to provide housing for approximately 6,000 inmates as authorized in Chapter 9.8 (commencing with Section 6271) of the Penal Code and, together with the funds appropriated in Section 15819.403 for this purpose, this shall constitute the scope and cost of a single capital outlay project for purposes of calculating augmentations pursuant to Section 13332.11 as described in Section 15819.401.

(c) The Department of Corrections and Rehabilitation is authorized to construct and establish new buildings at facilities under the jurisdiction of the department to provide medical, dental, and mental health treatment or housing for approximately 6,000 inmates and, together with the funds appropriated in Section 15819.403 for this purpose, this shall constitute the scope and cost of a single capital outlay project for purposes of calculating augmentations pursuant to Section 13332.11 as described in Section 15819.401.

(d) (1) The reporting requirements set forth in Sections 7000 to 7003.5, inclusive, of the Penal Code, shall apply separately to each institution or facility. The scope and cost of the project for each institution or facility shall be established individually by the State Public Works Board. The amount of the total appropriations in Section 15819.403 that is necessary for each project shall be allocated to each institution or facility project. The appropriations may be allocated based on current estimates. These initial allocations may be adjusted commensurate to changes that occur during the progression of the projects. As allocations are made or adjusted, the anticipated deficit or savings shall be continuously tracked and reported. Once the total appropriation has been allocated, any augmentation necessary to fund an anticipated deficit shall be based on the total applicable capital outlay appropriation in Section 15819.403 and applied to each project allocation as necessary.

(2) For each institution, the Department of Corrections and Rehabilitation shall report to the Joint Legislative Budget Committee identifying those projects that the department proposes to undertake,

and any support buildings, and programming space to support approximately 12,000 new beds at existing institutions. For each institution the department shall describe the scope, budget, schedule, number of beds by security level, along with approximate square footage of prison support buildings, and programming space to be constructed or renovated. If after providing these reports, the committee fails to take any action with respect to each report within 30 days after submittal, this inaction shall be deemed to be approval for purposes of this section, and the department is authorized to proceed to design, construct, or renovate prison housing units, support buildings, and programming space for each institution for which a report has been approved.

(3) The department shall notify the Joint Legislative Budget Committee 45 days prior to the submission of preliminary plans to the board for each project authorized in this section. If after providing these notifications, the committee fails to take any action with respect to each report within 45 days after submittal, this inaction shall be deemed to be approval for purposes of this section, and the department is authorized to design, construct, or renovate prison housing units, support buildings, and programming space for each institution for which a report has been approved.

(4) The Department of Corrections and Rehabilitation shall report quarterly to the Joint Legislative Budget Committee on the allocations from the appropriations in Section 15819.403 and the anticipated deficit or savings. Each reentry program facility authorized under subdivision (b) shall be considered to be a separate project for reporting purposes pursuant to Sections 7000 and 7003.5 of the Penal Code. Each medical, mental health, or dental building improvement authorized under subdivision (c) shall be considered to be a separate project, except that building improvements that have a related purpose and that are located at the same prison may be considered one project, for reporting purposes pursuant to Sections 7000 and 7003.5 of the Penal Code.

SEC. 2. Section 15819.401 of the Government Code is amended to read:

15819.401. The scope and costs of the projects authorized by this chapter shall be subject to approval and administrative oversight by the State Public Works Board, including augmentations, pursuant to Section 13332.11. For purposes of this chapter, the availability of an augmentation for each individual project allocation shall be calculated based on the total applicable capital outlay appropriation contained in Section 15819.403 and is not limited to 20 percent of the individual project allocation.

SEC. 3. Section 15819.41 of the Government Code is amended to read:

15819.41. (a) The Department of Corrections and Rehabilitation shall complete site assessments at prison facilities where it intends to construct or renovate additional prison housing units, prison support buildings, and programming space in order to add approximately 4,000 beds at existing prison facilities. The department may use the funding provided in Section 28 of Chapter 7 of the Statutes of 2007 to complete the site assessments. After completing these site assessments the department shall define the scope and costs of each project pursuant to subdivision (d). This authorization is in addition to the authorization in subdivision (a) of Section 15891.40. Any new beds constructed shall be supported by rehabilitative programming for inmates, including, but not limited to, education, vocational programs, substance abuse treatment programs, employment programs, and prerelease planning. The Department of Corrections and Rehabilitation is authorized to design, construct, or renovate prison housing units, prison support buildings, and programming space in order to add approximately 4,000 beds at existing prison facilities. This authorization is in addition to the authorization in subdivision (a) of Section 15819.40. Any new beds constructed shall be supported by rehabilitative programming for inmates, including, but not limited to, education, vocational programs, substance abuse treatment programs, employment programs, and prerelease planning. The authority contained in this subparagraph together with the funds appropriated in Section 15819.413 for this purpose, shall constitute the scope and cost of a single capital outlay project for purposes of calculating augmentations pursuant to Section 13332.11 as described in Section 15819.411.

(b) The Department of Corrections and Rehabilitation is authorized to design and construct new, or renovate existing buildings at facilities under the jurisdiction of the department to provide medical, dental, and mental health treatment or housing for approximately 2,000 inmates. This authorization is in addition to the authorization in subdivision (c) of Section 15819.40. The authority contained in this subparagraph together with the funds appropriated in Section 15819.413 for this purpose, shall constitute the scope and cost of a single capital outlay project for purposes of calculating augmentations pursuant to Section 13332.11 as described in Section 15819.411.

(c) The Department of Corrections and Rehabilitation is authorized to construct, establish, and operate reentry program facilities throughout the state that will house approximately 10,000 inmates pursuant to Section 6271.1 of the Penal Code, and together with the funds appropriated in Section 15819.413 for this purpose, this shall constitute the scope and cost of a single capital outlay project for purposes of

calculating augmentations pursuant to Section 13332.11 as described in Section 15819.411.

(d) (1) The reporting requirements set forth in Sections 7000 to 7003.5, inclusive, of the Penal Code, shall apply separately to each institution or facility. The scope and cost of the project for each institution or facility shall be established by the State Public Works Board individually. The amount of the total appropriations in Section 15819.413 that is necessary for each project shall be allocated to each institution or facility project. The appropriations may be allocated based on current estimates. These initial allocations may be adjusted commensurate to changes that occur during the progression of the projects. As allocations are made or adjusted, the anticipated deficit or savings shall be continuously traced and reported. Once the total appropriation has been allocated, any augmentation necessary to fund an anticipated deficit shall be based on the total applicable capital outlay appropriation in Section 15819.413 and applied to each project allocation as necessary.

(2) For each institution, the department shall report to the Joint Legislative Budget Committee, identifying those projects that the department proposes to undertake, and any support buildings, and programming space to support approximately 4,000 new beds at existing institutions. For each institution, the department shall describe the scope, budget, schedule, number of beds by security level, along with approximate square footage of prison support buildings, and programming space to be constructed or renovated. If after providing these reports, the committee fails to take any action with respect to each report within 30 days after submittal, this inaction shall be deemed to be approval for purposes of this section, and the department is authorized to proceed to design, construct, or renovate prison housing units, support buildings, and programming space for each institution for which a report has been approved.

(3) The Department of Corrections and Rehabilitation shall notify the Joint Legislative Budget Committee 45 days prior to the submission of preliminary plans to the board for each project authorized in this section. If after providing these notifications, the committee fails to take any action with respect to each report within 45 days after submittal, this inaction shall be deemed to be approval for purposes of this section, and the department is authorized to design, construct, or renovate prison housing units, support buildings, and programming space for each institution for which a report has been approved.

(4) The Department of Corrections and Rehabilitation shall report quarterly to the Joint Legislative Budget Committee on the allocations from the appropriations in Section 15819.413 and the anticipated deficit or savings. Each reentry program facility authorized under subdivision

(c) shall be considered to be a separate project. Each medical, mental health, or dental building improvement authorized under subdivision (b) shall be considered to be a separate project, except that building improvements that have a related purpose and that are located at the same prison may be considered one project, for reporting purposes pursuant to Sections 7000 and 7003.5 of the Penal Code.

SEC. 4. Section 15819.411 of the Government Code is amended to read:

15819.411. The scope and costs of the projects authorized by this chapter shall be subject to approval and administrative oversight by the State Public Works Board, including augmentations, pursuant to Section 13332.11. For purposes of this chapter, the availability of an augmentation for each individual project allocation shall be calculated based on the total applicable capital outlay appropriation contained in Section 15819.413 and is not limited to 20 percent of the individual project allocation.

SEC. 5. Section 15820.907 of the Government Code is amended to read:

15820.907. (a) Participating county matching funds for projects funded under this chapter shall be a minimum of 25 percent of the total project costs. The CSA may reduce matching fund requirements for participating counties with a general population below 200,000 upon petition by a participating county to the CSA requesting a lower level of matching funds.

(b) The CDCR and CSA shall give funding preference to counties that assist the state in siting reentry facilities, pursuant to Section 6270. The CSA shall, to the extent possible, ensure that funds for the construction of new jail beds be coordinated with CDCR's efforts to site new reentry facilities.

(c) The CDCR and CSA shall give funding preference to counties that assist the state in siting mental health day treatment and crisis care, pursuant to Section 3073 of the Penal Code, and to counties that provide a continuum of care so that parolees with mental health and substance abuse needs can continue to receive services at the conclusion of their period of parole.

SEC. 6. Section 1557 of the Penal Code is amended to read:

1557. (a) This section shall apply when this state or a city, county, or city and county employs a person to travel to a foreign jurisdiction outside this state for the express purpose of returning a fugitive from justice to this state when the Governor of this state, in the exercise of the authority conferred by Section 2 of Article IV of the United States Constitution, or by the laws of this state, has demanded the surrender of

the fugitive from the executive authority of any state of the United States, or of any foreign government.

(b) Upon the approval of the Governor, the State Controller shall audit and pay out of the State Treasury as provided in subdivision (c) or (d) the accounts of the person employed to bring back the fugitive, including any money paid by that person for all of the following:

(1) Money paid to the authorities of a sister state for statutory fees in connection with the detention and surrender of the fugitive.

(2) Money paid to the authorities of the sister state for the subsistence of the fugitive while detained by the sister state without payment of which the authorities of the sister state refuse to surrender the fugitive.

(3) Where it is necessary to present witnesses or evidence in the sister state, without which the sister state would not surrender the fugitive, the cost of producing the witnesses or evidence in the sister state.

(4) Where the appearance of witnesses has been authorized in advance by the Governor, who may authorize the appearance in unusual cases where the interests of justice would be served, the cost of producing witnesses to appear in the sister state on behalf of the fugitive in opposition to his or her extradition.

(c) No amount shall be paid out of the State Treasury to a city, county, or city and county except as follows:

(1) When a warrant has been issued by any magistrate after the filing of a complaint or the finding of an indictment and its presentation to the court and filing by the clerk, and the person named therein as defendant is a fugitive from justice who has been found and arrested in any state of the United States or in any foreign government, the county auditor shall draw his or her warrant and the county treasurer shall pay to the person designated to return the fugitive, the amount of expenses estimated by the district attorney to be incurred in the return of the fugitive.

(2) If the person designated to return the fugitive is a city officer, the city officer authorized to draw warrants on the city treasury shall draw his or her warrant and the city treasurer shall pay to that person the amount of expenses estimated by the district attorney to be incurred in the return of the fugitive.

(3) The person designated to return the fugitive shall make no disbursements from any funds advanced without a receipt being obtained therefor showing the amount, the purpose for which the sum is expended, the place, the date, and to whom paid.

(4) A receipt obtained pursuant to paragraph (3) shall be filed by the person designated to return the fugitive with the county auditor or appropriate city officer or State Controller, as the case may be, together with an affidavit by the person that the expenditures represented by the receipts were necessarily made in the performance of duty, and when

the advance has been made by the county or city treasurer to the person designated to return the fugitive, and has thereafter been audited by the State Controller, the payment thereof shall be made by the State Treasurer to the county or city treasury that has advanced the funds.

(5) In every case where the expenses of the person employed to bring back the fugitive as provided in this section, are less than the amount advanced on the recommendation of the district attorney, the person employed to bring back the fugitive shall return to the county or city treasurer, as appropriate, the difference in amount between the aggregate amount of receipts so filed by him or her, as herein employed, and the amount advanced to the person upon the recommendation of the district attorney.

(6) When no advance has been made to the person designated to return the fugitive, the sums expended by him or her, when audited by the State Controller, shall be paid by the State Treasurer to the person so designated.

(7) Any payments made out of the State Treasury pursuant to this section shall be made from appropriations for the fiscal year in which those payments are made.

(d) Payments to state agencies will be made in accord with the rules of the California Victim Compensation and Government Claims Board. No city, county, or other jurisdiction may file, and the state may not reimburse, a claim pursuant to this section that is presented to the Department of Corrections and Rehabilitation or to any other agency or department of the state more than six months after the close of the month in which the costs were incurred.

SEC. 7. Section 2063 is added to the Penal Code, to read:

2063. (a) It is the intent of the Legislature that the Department of Corrections and Rehabilitation shall regularly provide operational and fiscal information to the Legislature to allow it to better assess the performance of the department in critical areas of operations, including to both evaluate the effectiveness of department programs and activities, as well as assess how efficiently the department is using state resources.

(b) No later than January 10 of each year, the Department of Corrections and Rehabilitation shall provide to the Joint Legislative Budget Committee operational and fiscal information to be displayed in the Governor's proposed budget. This information shall include data for the three most recently ended fiscal years, and shall include, but is not limited to, the following:

(1) Per capita costs, average daily population, and offender to staff ratios for each of the following:

(A) Adult inmates housed in state prisons.

(B) Adult inmates housed in Community Correctional Facilities and out-of-state facilities.

(C) Adult parolees supervised in the community.

(D) Juvenile wards housed in state facilities.

(E) Juvenile parolees supervised in the community.

(2) Total expenditures and average daily population for each adult and juvenile institution.

(3) Number of established positions and percent of those positions vacant on June 30 for each of the following classifications within the department:

(A) Correctional officer.

(B) Correctional sergeant.

(C) Correctional lieutenant.

(D) Parole agent.

(E) Youth correctional counselor.

(F) Youth correctional officer.

(G) Physician.

(H) Registered nurse.

(I) Psychiatrist.

(J) Psychologist.

(K) Dentist.

(L) Teacher.

(M) Vocational instructor.

(N) Licensed vocational nurse.

(4) Average population of juvenile wards classified by board category.

(5) Average population of adult inmates classified by security level.

(6) Average population of adult parolees classified by supervision level.

(7) Number of new admissions from courts, parole violators with new terms, and parole violators returned to custody.

(8) Number of probable cause hearings, revocation hearings, and parole suitability hearings conducted.

(9) For both adult and juvenile facilities, the number of budgeted slots, actual enrollment, and average daily attendance for institutional academic and vocational education and substance abuse programs.

(10) Average population of mentally ill offenders classified by Correctional Clinical Case Management System or Enhanced Outpatient Program status, as well as information about mentally ill offenders in more acute levels of care.

(c) No later than January 10 of each year, the Department of Corrections and Rehabilitation shall provide to the Joint Legislative Budget Committee a supplemental report containing operational and fiscal information in addition to data provided in subdivision (b). To the

extent possible and relevant, the department shall seek to keep the categories of information provided the same each year so as to provide consistency. This report shall contain information for the three most recently ended fiscal years, and shall include, but is not limited to, data on the operational level and outcomes associated with the following categories:

(1) Adult prison security operations, including use of disciplinary measures and special housing assignments such as placements in administrative segregation, Security Housing Units, and sensitive needs yards, identifying these placements by offender categories such as security level and mental health classification.

(2) Adult prison education and treatment programs, including academic education, vocational training, prison industries, substance abuse treatment, and sex offender treatment.

(3) Adult prison health care operations, including medical, mental, and dental health.

(4) Adult parole operations, including number of discharges from parole supervision and provision of various treatment and sanction programs.

(5) Board of Parole Hearings, including the total number of parole suitability hearings scheduled for inmates serving life sentences each year, the number of parole suitability hearings postponed each year and the reasons for postponement, and the backlog of parole suitability hearings.

(5.1) Board of Parole Hearings, including the total number of adult parole revocation cases with probable cause hearings scheduled each year, the percent of parole revocation cases with probable cause hearings held within 10 business days, as well as the percent of adult parole revocation cases completed within 35 calendar days.

(6) Juvenile institution security operations, including use of disciplinary measures and special housing assignments such as special management programs, as well as the impact of time that adds or cuts the length of confinement.

(7) Juvenile institutional education and treatment programs, including academic education, vocational training, substance abuse treatment, and sex offender treatment.

(8) Juvenile institutional health care operations, including medical, mental, and dental health.

(9) Juvenile parole operations, including the number of juvenile parolees returned to state institutions and provision of various treatment and sanction programs.

(9.1) Juvenile Parole Board, including juvenile parole revocation hearings.

(d) To the extent any of the information in subdivision (b) or (c) falls under the purview of the federally appointed receiver over medical care services, the Department of Corrections and Rehabilitation shall, to the best of its ability, coordinate with the receiver in obtaining this information.

SEC. 8. Section 3007 is added to the Penal Code, to read:

3007. The Department of Corrections and Rehabilitation shall require a research component for any sex offender treatment contract funded by the department. The research component shall enable the department's research unit or an independent contractor to evaluate the effectiveness of each contract on reducing the rate of recidivism of the participants in the program funded by a contract. The research findings shall be compiled annually in a report due to the Legislature January 10 of each year.

SEC. 9. Section 4016.5 of the Penal Code is amended to read:

4016.5. A city or county shall be reimbursed by the Department of Corrections and Rehabilitation for costs incurred resulting from the detention of a state prisoner, a person sentenced or referred to the state prison, or a parolee and from parole revocation proceedings when the detention meets any of the following conditions:

(a) The detention relates to a violation of the conditions of parole or the rules and regulations of the Secretary of the Department of Corrections and Rehabilitation and does not relate to a new criminal charge.

(b) The detention is pursuant to (1) an order of the Board of Parole Hearings under the authority granted by Section 3060, or (2) an order of the Governor under the authority granted by Section 3062 or (3) an exercise of a state parole or correctional officer's peace officer powers as specified in Section 830.5.

(c) Security services and facilities are provided for hearings which are conducted by the Board of Parole Hearings to revoke parole.

(d) The detention results from a new commitment, or a referral pursuant to Section 1203.03, once the abstract of judgment has been completed, the department's intake control unit has been notified by the county that the prisoner is ready to be transported pursuant to Section 1216, and the department is unable to accept delivery of the prisoner. The reimbursement shall be provided for each day starting on the day following the fifth working day after the date of notification by the county, if the prisoner remains ready to be delivered and the department is unable to receive the prisoner. If a county delivers or attempts to deliver a person to the department without the prior notification required by this paragraph, the date of the delivery or attempted delivery shall be recognized as the notification date pursuant to this paragraph. The notification and verification required by the county for prisoners ready

to be transported, and reimbursement provided to the county for prisoners that the department is unable to receive, shall be made pursuant to procedures established by the department.

A city or county shall be reimbursed by the department from funds appropriated in Item 5240-101-0001 of the Budget Act of 1998 for costs incurred pursuant to subdivisions (a), (b), and (c) and from funds appropriated in Item 5240-001-0001 of that act for costs incurred pursuant to subdivision (d).

The reimbursement required by this section shall be expended for maintenance, upkeep, and improvement of jail conditions, facilities, and services. Before the county is reimbursed by the department, the total amount of all charges against that county authorized by law for services rendered by the department shall be first deducted from the gross amount of reimbursement authorized by this section. The net reimbursement shall be calculated and paid monthly by the department. The department shall withhold all or part of the net reimbursement to a county whose jail facility or facilities do not conform to minimum standards for local detention facilities as authorized by Section 6030 only if the county is failing to make reasonable efforts to correct differences, with consideration given to the resources available for those purposes.

“Costs incurred resulting from the detention,” as used in this section, shall include the same cost factors as are utilized by the Department of Corrections and Rehabilitation in determining the cost of prisoner care in state correctional facilities.

(e) No city, county, or other jurisdiction may file, and the state may not reimburse, a claim pursuant to this section that is presented to the Department of Corrections and Rehabilitation or to any other agency or department of the state more than six months after the close of the month in which the costs were incurred.

SEC. 10. Section 4750 of the Penal Code is amended to read:

4750. A city, county, or superior court shall be entitled to reimbursement for reasonable and necessary costs connected with state prisons or prisoners in connection with any of the following:

(a) Any crime committed at a state prison, whether by a prisoner, employee, or other person.

With respect to a prisoner, “crime committed at a state prison” as used in this subdivision, includes, but is not limited to, crimes committed by the prisoner while detained in local facilities as a result of a transfer pursuant to Section 2910 or 6253, or in conjunction with any hearing, proceeding, or other activity for which reimbursement is otherwise provided by this section.

(b) Any crime committed by a prisoner in furtherance of an escape. Any crime committed by an escaped prisoner within 10 days after the

escape and within 100 miles of the facility from which the escape occurred shall be presumed to have been a crime committed in furtherance of an escape.

(c) Any hearing on any return of a writ of habeas corpus prosecuted by or on behalf of a prisoner.

(d) Any trial or hearing on the question of the sanity of a prisoner.

(e) Any costs not otherwise reimbursable under Section 1557 or any other related provision in connection with any extradition proceeding for any prisoner released to hold.

(f) Any costs incurred by a coroner in connection with the death of a prisoner.

(g) Any costs incurred in transporting a prisoner within the host county or as requested by the prison facility or incurred for increased security while a prisoner is outside a state prison.

(h) Any crime committed by a state inmate at a state hospital for the care, treatment, and education of the mentally disordered, as specified in Section 7200 of the Welfare and Institutions Code.

(i) No city, county, or other jurisdiction may file, and the state may not reimburse, a claim pursuant to this section that is presented to the Department of Corrections and Rehabilitation or to any other agency or department of the state more than six months after the close of the month in which the costs were incurred.

SEC. 11. Section 4758 of the Penal Code is amended to read:

4758. (a) A county shall be entitled to reimbursement for reasonable and necessary costs incurred by the county with respect to an inmate housed and treated at a state hospital in that county pursuant to Section 2684, including, but not limited to, any trial costs related to a crime committed at the hospital by an inmate housed at the hospital.

(b) Where an inmate referred for treatment to a state hospital pursuant to Section 2684 commits a crime during transportation from prison to the hospital, or commits a crime during transportation from the hospital to the prison, a county that prosecutes the defendant shall be entitled to reimbursement for the costs of prosecution.

(c) No city, county, or other jurisdiction may file, and the state may not reimburse, a claim pursuant to this section that is presented to the Department of Corrections and Rehabilitation or to any other agency or department of the state more than six months after the close of the month in which the costs were incurred.

SEC. 12. Section 6005 of the Penal Code is amended to read:

6005. (a) Whenever a person confined to a correctional institution under the supervision of the Department of Corrections and Rehabilitation is charged with a public offense committed within the confines of that institution and is tried for that public offense, a city, county, or superior

court shall be entitled to reimbursement for reasonable and necessary costs connected with that matter.

(b) The appropriate financial officer or other designated official of a county or the city finance officer of a city incurring any costs in connection with that matter shall make out a statement of all the costs incurred by the county or city for the investigation, the preparation for the trial, participation in the actual trial of the case, all guarding and keeping of the person, and the execution of the sentence of the person, properly certified to by a judge of the superior court of the county. The statement may not include any costs that are incurred by the superior court pursuant to subdivision (c). The statement shall be sent to the department for its approval. After the approval the department must cause the amount of the costs to be paid out of the money appropriated for the support of the department to the county treasurer of the county or the city finance officer of the city incurring those costs.

(c) The superior court shall prepare a statement of all costs incurred by the court for the preparation of the trial and the actual trial of the case. The statement may not include any costs that are incurred by the city or county pursuant to subdivision (a). The statement shall be sent to the Administrative Office of the Courts for approval and reimbursement.

(d) No city, county, or other jurisdiction may file, and the state may not reimburse, a claim pursuant to this section that is presented to the Department of Corrections and Rehabilitation or to any other agency or department of the state more than six months after the close of the month in which the costs were incurred.

SEC. 13. Section 6051 of the Penal Code is amended to read:

6051. The Inspector General may conduct a management review audit of any warden in the Department of Corrections and Rehabilitation or superintendent in the Division of Juvenile Justice. The management review audit shall include, but not be limited to, issues relating to personnel, training, investigations, and financial matters. Each management review audit shall include an assessment of the maintenance of the facility managed by the warden or superintendent. The audit report shall be submitted to the secretary of the department for evaluation and for any response deemed necessary. Any Member of the Legislature or the public may request and shall be provided with a copy of any audit by the Inspector General, including a management review audit or a special audit or review. A report that involves potential criminal investigations or prosecution or security practices and procedures shall be considered confidential, and its disclosure shall not be required under this section.

SEC. 14. Section 6126 of the Penal Code is amended to read:

6126. (a) (1) The Inspector General shall review departmental policy and procedures, conduct audits of investigatory practices and other audits, and conduct investigations of the Department of Corrections and Rehabilitation, as requested by either the Secretary of the Department of Corrections and Rehabilitation or a Member of the Legislature, pursuant to the approval of the Inspector General under policies to be developed by the Inspector General. The Inspector General may, under policies developed by the Inspector General, initiate an investigation or an audit on his or her own accord.

(2) The Inspector General shall audit each warden of an institution one year after his or her appointment, and shall audit each correctional institution at least once every four years. Each audit shall include, but not be limited to, issues relating to personnel, training, investigations, and financial matters. Each audit shall include an assessment of the maintenance of the facility managed by the warden. The audit report shall include the Inspector General's assessment of facility maintenance. These audit reports shall be provided to the Legislature and shall be made public. The requirements of this paragraph shall be phased in by the Inspector General so that they are fully met by July 1, 2009.

(b) Upon completion of an investigation or audit, the Inspector General shall provide a response to the requester.

(c) The Inspector General shall, during the course of an investigatory audit, identify areas of full and partial compliance, or noncompliance, with departmental investigatory policies and procedures, specify deficiencies in the completion and documentation of investigatory processes, and recommend corrective actions, including, but not limited to, additional training with respect to investigative policies, additional policies, or changes in policy, as well as any other findings or recommendations that the Inspector General deems appropriate.

(d) The Inspector General, pursuant to Section 6126.6, shall review the Governor's candidates for appointment to serve as warden for the state's adult correctional institutions.

(e) The Inspector General shall, in consultation with the Department of Finance, develop a methodology for producing a workload budget to be used for annually adjusting the budget of the office of the Inspector General, beginning with the budget for the 2005–06 fiscal year.

SEC. 15. Section 7000 of the Penal Code is amended to read:

7000. (a) The Department of Corrections and Rehabilitation shall prepare plans for, and construct facilities and renovations included within, its master plan for which funds have been appropriated by the Legislature.

(b) "Master plan" means the department's "Facility Requirements Plan," dated April 7, 1980, and any subsequent revisions.

SEC. 16. Section 7003.5 of the Penal Code is amended to read:

7003.5. (a) The department shall provide the Joint Legislative Budget Committee with quarterly reports on the progress of funded projects consistent with the requirements outlined in the State Administrative Manual. This report shall include new prisons, projects to construct inmate housing and other buildings at, or within, existing prison facilities, prison medical, mental health, and dental facilities, reentry facilities, and infrastructure projects at existing prison facilities.

(b) On January 10 of each year, the department shall provide a report to the Joint Legislative Budget Committee that includes the status of each project that is part of the master plan, including projects planned, projects in preliminary planning, working, drawing and construction phases, and projects that have been completed. The report shall include new prisons; projects to construct inmate housing and other buildings at or within existing prison facilities; prison medical, mental health, and dental facilities; reentry facilities; and infrastructure projects at existing prison facilities.

(c) This section applies to regular prison facilities; projects to expand existing prison facilities; prison medical, mental health, and dental facilities; reentry facilities; and infrastructure projects at existing prison facilities, whether or not built or operated exclusively by the department.

(d) The report required in subdivision (b) shall include the following information for adult and juvenile facilities:

(1) The department's plans to remove temporary beds in dayrooms, gyms, and other areas, as well as plans to permanently close or change the mission of the facilities.

(2) The department's plans to construct new facilities, including reentry facilities.

(3) The department's plans to renovate existing facilities and renovate, improve, or expand infrastructure capacity at existing prison facilities.

(4) The scope of each project identified in the master plan.

(5) The budget for each project identified in the master plan.

(6) The schedule for each project identified in the master plan.

(7) A master schedule for the overall plan to deliver the department's capital outlay program including planned versus actual progress to date.

(8) Staffing plans for each project identified in the master plan, including program, custody, facilities management, administration, and health care.

(9) Total estimated cost of all projects in the master plan by funding source, including planned versus actual expenditures to date.

(10) Projected versus actual population plotted against projected versus actual housing capacity in aggregate and by security level.

SEC. 17. Section 7050 is added to the Penal Code, to read:

7050. (a) (1) Section 28 of Chapter 7 of the Statutes of 2007 contains an appropriation of three hundred million dollars (\$300,000,000) for capital outlay to be allocated to renovate, improve, or expand infrastructure capacity at existing prison facilities. The funds appropriated by that section may be used for land acquisition, environmental services, architectural programming, engineering assessments, schematic design, preliminary plans, working drawings, and construction.

(2) These funds may also be used to address deficiencies related to utility systems owned by local government entities and serving state prison facilities subject to the provisions of Section 54999 of the Government Code. The department shall report on any funds to be expended for this purpose to the Joint Legislative Budget Committee. If the committee fails to take any action with respect to each notification within 20 days after submittal, this inaction shall be deemed to be approval for purposes of this section.

(3) This subsection authorizes the scope and cost of a single capital outlay project for purposes of calculating augmentations pursuant to Section 13332.11.

(b) The scope and costs of the projects described in subdivision (a) of this section shall be subject to approval and administrative oversight by the State Public Works Board, including augmentations, pursuant to Section 13332.11 of the Government Code. The availability of an augmentation for each individual project allocation shall be based on the total applicable capital outlay appropriation contained in Section 28 of Chapter 7 of the Statutes of 2007 and is not limited to 20 percent of the individual project allocation. These requirements shall be applied separately to each institution. All of the necessary infrastructure improvements at each institution may be treated as one project such that there would be one infrastructure improvement project at each institution. The scope and cost of each infrastructure improvement project shall be established by the board individually. The amount of the total appropriation in Section 28 of Chapter 7 of the Statutes of 2007 that is necessary for each infrastructure improvement project shall be allocated by institution. The appropriation may be allocated based on current estimates. These initial allocations may be adjusted commensurate to changes that occur during the progression of the projects. As allocations are made or adjusted, the anticipated deficit or savings shall be continuously tracked and reported. Once the total appropriation has been allocated, any augmentation necessary to fund an anticipated deficit shall be based on the total appropriation and allocated to each project as necessary. The Joint Legislative Budget Committee shall be notified 30 days prior to the establishment of scope, schedule, and cost for each project by the board. The Department of Corrections and Rehabilitation

shall notify the Joint Legislative Budget Committee 45 days prior to the submission of preliminary plans to the board for each project. If, after providing these notifications to the Joint Legislative Budget Committee, the committee fails to take any action with respect to the notifications within the specified time periods, this inaction will be deemed to be approval for purposes of this section. The Department of Corrections and Rehabilitation shall report on the allocations from the appropriation in Section 28 of Chapter 7 of the Statutes of 2007 and the anticipated deficit or savings to the Joint Legislative Budget Committee quarterly.

(c) The scope and costs of the projects described in subdivision (a) shall be part of the Department of Corrections and Rehabilitation's Master Plan, as defined in Section 7000.

(d) The reporting requirements set forth in Sections 7000 and 7003.5 shall apply separately to each project constructed or renovated pursuant to this section. For all purposes other than calculating augmentations pursuant to Section 13332.11 each improvement authorized under subdivision (a) is considered a separate project.

SEC. 18. Section 208.5 of the Welfare and Institutions Code is amended to read:

208.5. (a) Notwithstanding any other law, in any case in which a minor who is detained in or committed to a county institution established for the purpose of housing juveniles attains 18 years of age prior to or during the period of detention or confinement he or she may be allowed to come or remain in contact with those juveniles until 19 years of age, at which time he or she, upon the recommendation of the probation officer, shall be delivered to the custody of the sheriff for the remainder of the time he or she remains in custody, unless the juvenile court orders continued detention in a juvenile facility. If continued detention is ordered for a ward under the jurisdiction of the juvenile court who is 19 years of age or older but under 21 years of age, the detained person may be allowed to come into or remain in contact with any other person detained in the institution subject to the requirements of subdivision (b). The person shall be advised of his or her ability to petition the court for continued detention in a juvenile facility at the time of his or her attainment of 19 years of age. Notwithstanding any other law, the sheriff may allow the person to come into and remain in contact with other adults in the county jail or in any other county correctional facility in which he or she is housed.

(b) The county shall apply to the Corrections Standards Authority for approval of a county institution established for the purpose of housing juveniles as a suitable place for confinement before the institution is used for the detention or commitment of an individual under the jurisdiction of the juvenile court who is 19 years of age or older but

under 21 years of age where the detained person will come into or remain in contact with persons under 18 years of age who are detained in the institution. The authority shall review and approve or deny the application of the county within 30 days of receiving notice of this proposed use. In its review, the authority shall take into account the available programming, capacity, and safety of the institution as a place for the combined confinement and rehabilitation of individuals under the jurisdiction of the juvenile court who are over 19 years of age and those who are under 19 years of age.

SEC. 19. Section 731 of the Welfare and Institutions Code is amended to read:

731. (a) If a minor is adjudged a ward of the court on the ground that he or she is a person described by Section 602, the court may order any of the types of treatment referred to in Sections 727 and 730 and, in addition, may do any of the following:

(1) Order the ward to make restitution, to pay a fine up to two hundred fifty dollars (\$250) for deposit in the county treasury if the court finds that the minor has the financial ability to pay the fine, or to participate in uncompensated work programs.

(2) Commit the ward to a sheltered-care facility.

(3) Order that the ward and his or her family or guardian participate in a program of professional counseling as arranged and directed by the probation officer as a condition of continued custody of the ward.

(4) Commit the ward to the Department of Corrections and Rehabilitation, Division of Juvenile Facilities, if the ward has committed an offense described in subdivision (b) of Section 707.

(b) A ward committed to the Division of Juvenile Facilities may not be held in physical confinement for a period of time in excess of the maximum period of imprisonment that could be imposed upon an adult convicted of the offense or offenses that brought or continued the minor under the jurisdiction of the juvenile court. A ward committed to the Division of Juvenile Facilities also may not be held in physical confinement for a period of time in excess of the maximum term of physical confinement set by the court based upon the facts and circumstances of the matter or matters that brought or continued the ward under the jurisdiction of the juvenile court, which may not exceed the maximum period of adult confinement as determined pursuant to this section. This section does not limit the power of the Juvenile Parole Board to retain the ward on parole status for the period permitted by Section 1769.

SEC. 20. Section 731.1 is added to the Welfare and Institutions Code, to read:

731.1. Notwithstanding any other law, the court committing a ward to the Department of Corrections and Rehabilitation, Division of Juvenile Facilities, may recall that commitment in the case of any ward whose commitment offense was not an offense listed in subdivision (b) of Section 707, unless the offense was a sex offense set forth in paragraph (3) of subdivision (d) of Section 290 of the Penal Code, and who remains confined in an institution operated by the division as of September 1, 2007. Upon recall of the ward, the court shall set and convene a recall disposition hearing for the purpose of ordering an alternative disposition for the ward that is appropriate under all of the circumstances prevailing in the case. Pending the recall disposition hearing, the ward shall be detained or housed in the manner and place, consistent with the requirements of law, as may be directed by the court in its order of recall.

SEC. 21. Section 733 of the Welfare and Institutions Code is repealed.

SEC. 22. Section 733 is added to the Welfare and Institutions Code, to read:

733. A ward of the juvenile court who meets any condition described below shall not be committed to the Department of Corrections and Rehabilitation, Division of Juvenile Facilities:

(a) The ward is under 11 years of age.

(b) The ward is suffering from any contagious, infectious, or other disease that would probably endanger the lives or health of the other inmates of any facility.

(c) The ward has been or is adjudged a ward of the court pursuant to Section 602, and the most recent offense alleged in any petition and admitted or found to be true by the court is not described in subdivision (b) of Section 707, unless the offense is a sex offense set forth in paragraph (3) of subdivision (d) of Section 290 of the Penal Code. This subdivision shall be effective on and after September 1, 2007.

SEC. 23. Section 736 of the Welfare and Institutions Code is amended to read:

736. (a) Except as provided in Section 733, the Department of Corrections and Rehabilitation, Division of Juvenile Facilities, shall accept a ward committed to it pursuant to this article if the Chief Deputy Secretary for the Division of Juvenile Justice believes that the ward can be materially benefitted by the division's reformatory and educational discipline, and if the division has adequate facilities, staff, and programs to provide that care. A ward subject to this section shall not be transported to any facility under the jurisdiction of the division until the superintendent of the facility has notified the committing court of the place to which that ward is to be transported and the time at which he or she can be received.

(b) To determine who is best served by the Division of Juvenile Facilities, and who would be better served by the State Department of Mental Health, the Chief Deputy Secretary for the Division of Juvenile Justice and the Director of the State Department of Mental Health shall, at least annually, confer and establish policy with respect to the types of cases that should be the responsibility of each department.

SEC. 24. Section 1731.5 of the Welfare and Institutions Code is amended to read:

1731.5. (a) After certification to the Governor as provided in this article, a court may commit to the Division of Juvenile Facilities any person who meets all of the following:

(1) Is convicted of an offense described in subdivision (b) of Section 707 or paragraph (3) of subdivision (d) of Section 290 of the Penal Code.

(2) Is found to be less than 21 years of age at the time of apprehension.

(3) Is not sentenced to death, imprisonment for life, with or without the possibility of parole, whether or not pursuant to Section 190 of the Penal Code, imprisonment for 90 days or less, or the payment of a fine, or after having been directed to pay a fine, defaults in the payment thereof, and is subject to imprisonment for more than 90 days under the judgment.

(4) Is not granted probation, or was granted probation and that probation is revoked and terminated.

(b) The Division of Juvenile Facilities shall accept a person committed to it pursuant to this article if it believes that the person can be materially benefited by its reformatory and educational discipline, and if it has adequate facilities to provide that care.

(c) Any person under 18 years of age who is not committed to the division pursuant to this section may be transferred to the authority by the Secretary of the Department of Corrections and Rehabilitation with the approval of the Chief Deputy Secretary for the Division of Juvenile Justice. In sentencing a person under 18 years of age, the court may order that the person shall be transferred to the custody of the Division of Juvenile Facilities pursuant to this subdivision. If the court makes this order and the division fails to accept custody of the person, the person shall be returned to court for resentencing. The transfer shall be solely for the purposes of housing the inmate, allowing participation in the programs available at the institution by the inmate, and allowing division parole supervision of the inmate, who, in all other aspects shall be deemed to be committed to the Department of Corrections and Rehabilitation and shall remain subject to the jurisdiction of the Secretary of the Department of Corrections and Rehabilitation and the Juvenile Parole Board. Notwithstanding subdivision (b) of Section 2900 of the Penal Code, the secretary, with the concurrence of the chief deputy secretary,

may designate a facility under the jurisdiction of the chief deputy secretary as a place of reception for any person described in this subdivision.

The chief deputy secretary shall have the same powers with respect to an inmate transferred pursuant to this subdivision as if the inmate had been committed or transferred to the Division of Juvenile Facilities either under the Arnold-Kennick Juvenile Court Law or subdivision (a).

The duration of the transfer shall extend until any of the following occurs:

(1) The chief deputy secretary orders the inmate returned to the Department of Corrections and Rehabilitation.

(2) The inmate is ordered discharged by the Juvenile Parole Board.

(3) The inmate reaches 18 years of age. However, if the inmate's period of incarceration would be completed on or before the inmate's 21st birthday, the chief deputy secretary may continue to house the inmate until the period of incarceration is completed.

SEC. 25. Section 1766 of the Welfare and Institutions Code is amended to read:

1766. (a) Subject to Sections 733 and 1767.35, and subdivision (b) of this section, if a person has been committed to the Department of Corrections and Rehabilitation, Division of Juvenile Facilities, the Juvenile Parole Board, according to standardized review and appeal procedures established by the board in policy and regulation and subject to the powers and duties enumerated in subdivision (a) of Section 1719, may do any of the following:

(1) Permit the ward his or her liberty under supervision and upon conditions it believes are best designed for the protection of the public.

(2) Order his or her confinement under conditions it believes best designed for the protection of the public pursuant to the purposes set forth in Section 1700, except that a person committed to the division pursuant to Sections 731 or 1731.5 may not be held in physical confinement for a total period of time in excess of the maximum periods of time set forth in Section 731. Nothing in this subdivision limits the power of the board to retain the minor or the young adult on parole status for the period permitted by Sections 1769, 1770, and 1771.

(3) Order reconfinement or renewed release under supervision as often as conditions indicate to be desirable.

(4) Revoke or modify any parole or disciplinary appeal order.

(5) Modify an order of discharge if conditions indicate that such modification is desirable and when that modification is to the benefit of the person committed to the division.

(6) Discharge him or her from its control when it is satisfied that discharge is consistent with the protection of the public.

(b) The county of commitment shall supervise the parole of any ward released on parole on or after September 1, 2007, who was committed to the custody of the division for committing an offense other than those described in subdivision (b) of Section 707. The division shall have no further jurisdiction over a ward who is released on parole under the supervision of a county pursuant to this section. Upon receipt of the ward by the county, the court shall set and convene a parole disposition hearing for the purpose of identifying and ordering those parole conditions that are appropriate under all of the circumstances prevailing in the case and best designed for the protection of the public.

(c) Within 60 days of intake, the division shall provide the court and the probation department with a treatment plan for the ward.

(d) A ward shall be entitled to an appearance hearing before a panel of board commissioners for any action that would result in the extension of a parole consideration date pursuant to subdivision (d) of Section 5076.1 of the Penal Code.

(e) The department shall promulgate policies and regulations to implement this section.

(f) Commencing on July 1, 2004, and annually thereafter, for the preceding fiscal year, the department shall collect and make available to the public the following information:

(1) The total number of ward case reviews conducted by the division and the board, categorized by guideline category.

(2) The number of parole consideration dates for each category set at guideline, above guideline, and below guideline.

(3) The number of ward case reviews resulting in a change to a parole consideration date, including the category assigned to the ward, the amount of time added to or subtracted from the parole consideration date, and the specific reason for the change.

(4) The percentage of wards who have had a parole consideration date changed to a later date, the percentage of wards who have had a parole consideration date changed to an earlier date, and the average annual time added or subtracted per case.

(5) The number and percentage of wards who, while confined or on parole, are charged with a new misdemeanor or felony criminal offense.

(6) Any additional data or information identified by the department as relevant.

(g) As used in subdivision (f), the term "ward case review" means any review of a ward that changes, maintains, or appreciably affects the programs, treatment, or placement of a ward.

SEC. 26. Section 1767.3 of the Welfare and Institutions Code is amended to read:

1767.3. (a) The Juvenile Parole Board may suspend, cancel, or revoke any parole and may order returned to custody, as specified in Section 1767.35, any person under the jurisdiction of the Division of Juvenile Parole Operations.

(b) The written order of the Chief Deputy Secretary for the Division of Juvenile Justice is a sufficient warrant for any peace officer to return to custody any person under the jurisdiction of the Division of Juvenile Parole Operations.

(c) The written order of the Chief Deputy Secretary for the Division of Juvenile Justice is a sufficient warrant for any peace officer to return to custody, pending further proceedings before the Juvenile Parole Board, any person under the jurisdiction of the Division of Juvenile Parole Operations, or for any peace officer to return to custody any person who has escaped from the custody of the Division of Juvenile Facilities or from any institution or facility in which he or she has been placed by the division.

(d) All peace officers shall execute the orders in like manner as a felony warrant.

SEC. 27. Section 1767.35 is added to the Welfare and Institutions Code, to read:

1767.35. Commencing on September 1, 2007, any parolee under the jurisdiction of the Division of Juvenile Parole Operations shall be returned to custody upon the suspension, cancellation, or revocation of parole as follows:

(a) To the custody of the Division of Juvenile Facilities if the parolee is under the jurisdiction of the division for the commission of an offense described in subdivision (b) of Section 707.

(b) To the county of commitment if the parolee is under the jurisdiction of the division for the commission of an offense not described in subdivision (b) of Section 707.

SEC. 28. Section 1776 of the Welfare and Institutions Code is amended to read:

1776. Whenever an alleged parole violator is detained in a county detention facility pursuant to a valid exercise of the powers of the Department of Corrections and Rehabilitation as specified in Sections 1753, 1755, and 1767.3 and when such detention is initiated by the Department of Corrections and Rehabilitation and is related solely to a violation of the conditions of parole and is not related to a new criminal charge, the county shall be reimbursed for the costs of such detention by the Department of the Department of Corrections and Rehabilitation. Such reimbursement shall be expended for maintenance, upkeep, and improvement of juvenile hall and jail conditions, facilities, and services. Before the county is reimbursed by the department, the total amount of

all charges against that county authorized by law for services rendered by the department shall be first deducted from the gross amount of the reimbursement authorized by this section. Such net reimbursement shall be calculated and paid monthly by the department. The department shall withhold all or part of such net reimbursement to a county whose juvenile hall or jail facility or facilities do not conform to minimum standards for local detention facilities as authorized by Section 6030 of the Penal Code or Section 210 of this code.

“Costs of such detention,” as used in this section, shall include the same cost factors as are utilized by the Department of Corrections and Rehabilitation in determining the cost of prisoner care in state correctional facilities.

No city, county, or other jurisdiction may file, and the state may not reimburse, a claim pursuant to this section that is presented to the Department of Corrections and Rehabilitation or to any other agency or department of the state more than six months after the close of the month in which the costs were incurred.

SEC. 29. Section 1798.5 of the Welfare and Institutions Code is amended to read:

1798.5. (a) Commencing July 1, 2005, there is hereby established within the Department of Corrections and Rehabilitation the State Commission on Juvenile Justice. The purpose of the commission is to provide comprehensive oversight, planning, and coordination of efforts, which enhance the partnership and performance of state and local agencies in effectively preventing and responding to juvenile crime.

(b) The commission shall be composed of 12 members, and shall include all of the following:

(1) The Chief Deputy Secretary of Juvenile Justice of the Department of Corrections and Rehabilitation, who shall serve as cochair.

(2) A representative of counties, designated by the statewide organization representing counties, who shall serve as cochair.

(3) A chief probation officer, designated by the statewide organization representing chief probation officers, who shall serve as cochair.

(4) A county sheriff, designated by the statewide organization representing sheriffs.

(5) A manager or administrator of a county local detention facility for juveniles, appointed by the Governor.

(6) A rank and file representative from state or local juvenile corrections, appointed by the Speaker of the Assembly.

(7) A representative from a community-based organization serving at-risk youth, appointed by the Senate Committee on Rules.

(8) An individual who represents the interests of crime victims, appointed by the Speaker of the Assembly.

(9) A judge of the juvenile court, appointed by the chairperson of the Judicial Council.

(10) A director of a county human services agency, appointed by the statewide organization representing county welfare directors.

(11) An attorney with expertise in the area of juvenile justice policy, appointed by the Senate Committee on Rules.

(12) A director of a county mental health agency, appointed by the statewide organization representing county mental health directors.

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

SEC. 30. Chapter 1.5 (commencing with Section 1950) is added to Division 2.5 of the Welfare and Institutions Code, to read:

CHAPTER 1.5. YOUTHFUL OFFENDER BLOCK GRANT PROGRAM

Article 1. General Provisions

1950. The purpose of this chapter is to enhance the capacity of local communities to implement an effective continuum of response to juvenile crime and delinquency.

1951. (a) There is hereby established the Youthful Offender Block Grant Fund.

(b) Allocations from the Youthful Offender Block Grant Fund shall be used to enhance the capacity of county probation, mental health, drug and alcohol, and other county departments to provide appropriate rehabilitative and supervision services to youthful offenders subject to Sections 731.1, 733, 1766, and 1767.35. Counties, in expending the Youthful Offender Block Grant allocation, shall provide all necessary services related to the custody and parole of the offenders.

(c) The county of commitment is relieved of obligation for any payment to the state pursuant to Section 912, 912.1, or 912.5 for each offender who is not committed to the custody of the state solely pursuant to subdivision (c) of Section 733, and for each offender who is supervised by the county of commitment pursuant to subdivision (b) of Section 1766 or subdivision (b) of Section 1767.35.

1952. For the 2007–08 fiscal year, all of the following shall apply:

(a) An amount equal to the total of all of the following shall be transferred from the General Fund to the Youthful Offender Block Grant Fund:

(1) One hundred seventeen thousand dollars (\$117,000) per ward multiplied by the average daily population (ADP) for the year for wards

who are not committed to the custody of the state pursuant to subdivision (c) of Section 733, and Sections 731.1 and 1767.35.

(2) Fifteen thousand dollars (\$15,000) per parolee multiplied by the ADP for the year for parolees who are supervised by the county of commitment pursuant to subdivision (b) of Section 1766 or subdivision (b) of Section 1767.35.

(3) An amount equal to 5 percent of the total of paragraphs (1) and (2). This amount shall be reserved by the Controller for distribution by the Department of Finance, upon recommendation of the Corrections Standards Authority, in collaboration with the Division of Juvenile Facilities, for unforeseen circumstances associated with the implementation of the act that added this chapter. This amount is a one-time allocation and shall not be built into the base described in subdivision (a) of Section 1953 unless the Department of Finance finds a continuation of unforeseen circumstances. A county that wishes to seek funds from this reserved amount shall submit a request to the Corrections Standards Authority that outlines the unusual circumstances that exist in the county and why the county's Youthful Offender Block Grant is inadequate to meet the county financial needs to accommodate and supervise youthful offenders pursuant to the act that added this chapter.

(b) The Director of Finance shall determine the total amount of the block grant, pursuant to the formula specified in subdivision (a), and the allocation for each county, pursuant to Section 1955, and shall report those findings to the Controller. The Controller shall make an allocation from the Youthful Offender Block Grant Fund to each county in accordance with the report.

(c) Any portion of the funds described in paragraph (3) of subdivision (a) that is unused during the 2007–08 fiscal year shall revert to the General Fund.

1953. For the 2008–09 fiscal year, the total of the following amounts shall be transferred from the General Fund to the Youthful Offender Block Grant Fund:

(a) The amount transferred to the Youthful Offender Block Grant Fund for the 2007–08 fiscal year, as described in subdivision (a) of Section 1952, adjusted to account for full-year impacts.

(b) One hundred seventeen thousand dollars (\$117,000) per ward multiplied by the ADP for the year for wards who are not committed to the custody of the state pursuant to subdivision (c) of Section 733, and Sections 731.1 and 1767.35.

(c) Fifteen thousand dollars (\$15,000) per parolee based on ADP for the year for parolees who are supervised by the county of commitment pursuant to subdivision (b) of Section 1766.

1954. For the 2009–10 fiscal year, and each year thereafter, an amount shall be transferred from the General Fund to the Youthful Offender Block Grant Fund equal to that amount transferred to the Youthful Offender Block Grant Fund for the 2008–09 fiscal year, as described in subdivisions (a), (b), and (c) of Section 1953, adjusted to account for full-year impact.

1955. (a) The allocation amount for each county from the Youthful Offender Block Grant Fund shall be distributed as follows:

(1) Fifty percent based on the number of the county’s juvenile felony court dispositions, according to the most recent data compiled by the Department of Justice, calculated as a percentage of the state total.

(2) Fifty percent based on the county’s population of minors from 10 to 17 years of age, inclusive, according to the most recent data published by the Department of Justice, calculated as a percentage of the state total.

(b) Each county shall receive a minimum block grant allocation of fifty-eight thousand five hundred dollars (\$58,500).

(c) Commencing with the 2008–09 fiscal year, allocations shall be available to counties that have met the requirements of Section 1961.

Article 2. Performance and Accountability

1960. The Legislature finds and declares that local youthful offender justice programs, including both custodial and noncustodial corrective services, are better suited to provide rehabilitative services for certain youthful offenders than state-operated facilities. Local communities are better able than the state to provide these offenders with the programs they require, in closer proximity to their families and communities, including, but not limited to, all of the following:

(a) Implementing risk and needs assessment tools and evaluations to assist in the identification of appropriate youthful offender dispositions and reentry plans.

(b) Placements in secure and semisecure youthful offender rehabilitative facilities and in private residential care programs, with or without foster care waivers, supporting specialized programs for youthful offenders.

(c) Nonresidential dispositions such as day or evening treatment programs, community service, restitution, and drug-alcohol and other counseling programs based on an offender’s assessed risks and needs.

(d) House arrest, electronic monitoring, and intensive probation supervision programs.

(e) Reentry and aftercare programs based on individual aftercare plans for each offender who is released from a public or private placement or confinement facility.

(f) Capacity building strategies to upgrade the training and qualifications of juvenile justice and probation personnel serving the juvenile justice caseload.

(g) Regional program and placement networks, including direct brokering and placement locating networks to facilitate out-of-county dispositions for counties lacking programs or facilities.

1960.5. (a) The State Commission on Juvenile Justice, pursuant to Section 1798.5, shall develop a Juvenile Justice Operational Master Plan. On or before January 1, 2009, the commission shall develop and make available for implementation by the counties the following strategies:

(1) Risk and needs assessment tools to evaluate the programming and security needs of all youthful offenders and at-risk youth.

(2) Juvenile justice universal data collection elements, which shall be common to all counties.

(3) Criteria and strategies to promote a continuum of evidence-based responses to youthful offenders.

(b) In drafting the Juvenile Justice Operational Master Plan, the commission shall take into consideration both of the following:

(1) Evidence-based programs and risk and needs assessment tools currently in use by the counties.

(2) The costs of implementing these strategies.

(c) On or before May 1, 2008, the commission shall provide an interim report to the Legislature, which shall include the status of the work of the commission and the strategies it has identified to date.

1961. On or before January 1, 2008, each county shall prepare and submit to the Corrections Standards Authority for approval a Juvenile Justice Development Plan for youthful offenders who have not committed an offense described in subdivision (b) of Section 707 and are in the custody of the county commencing September 1, 2007. The plan shall include both of the following:

(a) A description of the programs, placements, services, or strategies to be funded by the block grant allocation pursuant to this chapter, including, but not limited to, the programs, tools, and strategies outlined in Section 1960.

(b) A description of any regional agreements or arrangements to be supported by the block grant allocation pursuant to this chapter.

(c) A description of how these new programs coordinate with programs under Chapter 353 of the Statutes of 2000 (A.B. 1913).

1962. (a) The Corrections Standards Authority, in consultation with the Division of Juvenile Facilities, may provide technical assistance to counties, including, but not limited to, regional workshops, prior to issuing any Request for Proposal.

(b) The Corrections Standards Authority may monitor and inspect any programs or facilities supported by block grant funds allocated pursuant to this chapter and may enforce violations of grant requirements with suspensions or cancellations of grant funds.

Article 3. Local Youthful Offender Rehabilitative Facility Construction Grants

1970. For the purposes of this article, “participating county” means any county, or regional consortium of counties, within the state that has been certified to the State Public Works Board by the Correction Standards Authority as having satisfied all of the requirements set forth in Section 1975 for financing a local youthful offender rehabilitative facility pursuant to this article.

1971. (a) The Department of Corrections and Rehabilitation, a participating county, and the State Public Works Board are authorized to acquire, design, renovate, or construct a local youthful offender rehabilitative facility approved by the Correction Standards Authority pursuant to Section 1975, or a site or sites owned by, or subject to a lease or option to purchase held by a participating county. The ownership interest of a participating county in the site or sites for a local youthful offender rehabilitative facility shall be determined by the board to be adequate for purposes of its financing in order to be eligible under this article.

(b) Notwithstanding Section 15815 of the Government Code, a participating county may acquire, design, renovate, or construct the local youthful offender rehabilitative facility in accordance with its local contracting authority. Notwithstanding Section 14951 of the Government Code, the participating county may assign an inspector during the construction of the project.

(c) The department, a participating county, and the board shall enter a construction agreement for the project that shall provide, at a minimum, all of the following:

(1) Performance expectations of the parties related to the acquisition, design, renovation, or construction of the local youthful offender rehabilitative facility.

(2) Guidelines and criteria for use and application of the proceeds of revenue bonds, notes, or bond anticipation notes issued by the board to pay for the cost of the approved local youthful offender rehabilitative facility project.

(3) Ongoing maintenance and staffing responsibilities for the term of the financing.

(d) The construction agreement shall include a provision that the participating county agrees to indemnify, defend, and hold harmless the State of California for any and all claims and losses arising out of the acquisition, design, renovation, and construction of the local youthful offender rehabilitative facility. The construction agreement may also contain additional terms and conditions that facilitate the financing by the board.

(e) The scope and cost of the approved local youthful offender rehabilitative facility project shall be subject to approval and administrative oversight by the board.

(f) For purposes of compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), neither the board nor the department, shall be deemed a lead or responsible agency. The participating county shall be the lead agency.

1972. Upon the receipt by a participating county of responsive construction bids, the board and the department may borrow funds for project costs after the project has been certified pursuant to Section 1970 from the Pooled Money Investment Account pursuant to Sections 16312 and 16313, or from any other appropriate source. In the event any of the revenue bonds, notes, or bond anticipation notes authorized by this chapter are not sold, the department shall commit a sufficient amount of its support appropriation to repay any loans made for an approved project.

1973. (a) The board may issue up to one hundred million dollars (\$100,000,000) in revenue bonds, notes, or bond anticipation notes, to finance the acquisition, design, renovation, or construction, and a reasonable construction reserve, of approved local youthful offender rehabilitative facilities described in Section 1971.

(b) Proceeds from the revenue bonds, notes, or bond anticipation notes may be utilized to reimburse a participating county for the costs of acquisition, preliminary plans, working drawings, and construction for approved projects.

(c) Notwithstanding Section 13340 of the Government Code, funds derived pursuant to this section are continuously appropriated for purposes of this article.

(d) This section shall become inoperative on June 30, 2017. No projects shall be commenced after that date, but projects already commenced may be financed through the issuance of bonds pursuant to this article.

1974. With the consent of the board, the department, and a participating county are authorized to enter into leases or subleases, as lessor or lessee, for any property or approved project and are further

authorized to enter into contracts or other agreements for the use, maintenance, and operation of the local youthful offender rehabilitative facility in order to facilitate the financing authorized by this article. In those leases, subleases, or other agreements, the participating county shall agree to indemnify, defend, and hold harmless the State of California for any and all claims and losses accruing and resulting from or arising out of the participating county's use and occupancy of the local youthful offender rehabilitative facility.

1975. (a) The authority shall adhere to its duly adopted regulations for the approval or disapproval of local youthful offender rehabilitative facilities. The authority also shall consider cost-effectiveness in determining approval or disapproval. No state moneys shall be encumbered in contracts let by a participating county until final architectural plans and specifications have been approved by the authority, and subsequent construction bids have been received. The review and approval of plans, specifications, or other documents by the authority are for the purpose of ensuring proper administration of moneys and determination of whether the project specifications comply with law and regulation. The authority may require changes in construction materials to enhance safety and security if materials proposed at the time of final plans and specifications are not essential and customary as used statewide for facilities of the same security level. Participating counties are responsible for the acquisition, design, construction, staffing, operation, repair, and maintenance of the project.

(b) The authority shall establish minimum standards and funding schedules and procedures, which shall take into consideration, but not be limited to, all of the following:

(1) Certification by a participating county of project site control through either fee simple ownership of the site or comparable long-term possession of the site, and right of access to the project sufficient to ensure undisturbed use and possession.

(2) Documentation of need for the project.

(3) A written project proposal.

(4) Submittal of a staffing plan for the project, including operational cost projections and documentation that the local youthful offender rehabilitative facility will be able to be safety staffed and operated within 90 days of completion.

(5) Submittal of architectural drawings, which shall be approved by the authority for compliance with minimum youthful offender rehabilitation facility standards and which also shall be approved by the State Fire Marshal for compliance with fire safety and life safety requirements.

(6) Documentation evidencing the filing by a participating county of a final notice of determination on its environmental impact report.

(7) Provisions intended to maintain the tax-exempt status of the bonds, notes, or bond anticipation notes issued by the board.

1976. Participating county matching funds for projects funded under this article shall be a minimum of 25 percent of the total project costs. The authority may reduce matching fund requirements for participating counties with a general population below 200,000 upon petition by a participating county to the authority requesting a lower level of matching funds.

SEC. 31. It is the intent of the Legislature in enacting Sections 18 to 27, inclusive, 29, and 30 of this act that those provisions shall not result in an unfunded, reimbursable state mandate. Specifically, the authority for counties to receive wards who otherwise would be committed to the custody and supervision of the Department of Corrections and Rehabilitation, Division of Juvenile Facilities, shall not constitute a higher level of service or new program in excess of the programmatic funding included in this act.

It is the intent of the Legislature that the state has provided funding for an adequate level of care for youthful offenders received by the county pursuant to this act, and that each county shall be limited in its expenditures to funds specifically made available for these purposes.

SEC. 32. (a) Pursuant to applicable provisions of law, the Department of General Services, in coordination with the Department of Technology Services, shall amend any contracts that provide telephone services to wards and inmates in state facilities in order to limit the amount of state concession fees as follows:

(1) The concession fees shall be reduced to nineteen million five hundred thousand dollars (\$19,500,000) for the 2007–08 fiscal year.

(2) The concession fees shall be reduced to thirteen million dollars (\$13,000,000) for the 2008–09 fiscal year.

(3) The concession fees shall be reduced to six million five hundred thousand dollars (\$6,500,000) for the 2009–10 fiscal year.

(4) The concession fees shall be reduced to zero for the 2010–11 fiscal year and thereafter.

(b) Rates shall be reduced in response to reductions in concession fees.

SEC. 33. The funds appropriated by subdivision (b) of Section 28 of Chapter 7 of the Statutes of 2007 shall be used for the following services:

(a) Developing prison-to-employment programs.

(b) Expanding substance abuse programs for inmates and parolees.

(c) Developing and implementing risk assessments and needs assessments for inmates.

(d) Establishing and funding day treatment services for mentally ill parolees.

(e) Expanding educational and vocational programs for inmates.

SEC. 34. The Corrections Standards Authority shall allocate funding for two one-time probation pilot projects. Each pilot project shall be funded at five million dollars (\$5,000,000) and shall be provided to one county probation department. The funds shall be available for expenditure by the county probation departments for a period of three years. The overall purpose of the pilot projects is to test models for reducing the number of offenders coming to state prison. The pilot projects shall be designed and implemented by the Corrections Standards Authority as put forward in subdivisions (a) and (b) of this section.

(a) One pilot project shall be provided to one county probation department in a large, urban county. The funding for the pilot project may be used to fund prevention or supervision services for probationers. The pilot project shall target 18 to 25 year-old, inclusive, probationers with known gang affiliations. The pilot project should target probationers within a jurisdiction or jurisdictions within a county that are known gang "hot spots." The grantee county probation department shall work with other local law enforcement agencies, as necessary to coordinate the project and enhance services to the gang "hot spot." The Corrections Standards Authority shall require that the county probation department provide a report and evaluation of this pilot project.

(b) One pilot project shall be provided to the Alameda County Probation Department. The funding for the pilot project may be used to fund efforts to de-escalate community conflict and encourage mediation among probationers and other at-risk populations. The funding may also be used for employment development and education programs. The pilot project must include collaborative efforts with community-based organizations and service providers. The pilot project shall target probationers and other at-risk populations. The Corrections Standards Authority shall require that the county probation department provide a report and evaluation of this pilot project.

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 provision or application.

SEC. 36. 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. 37. Sections 18 to 27, inclusive, 29, and 30 of this act shall become operative on September 1, 2007.

SEC. 38. 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 2007 at the earliest time possible, it is necessary that this act take effect immediately.

CHAPTER 176

An act to amend Sections 19804, 19805, 19807, 19810, 19814, 19819, 19821, 19822, 19826, 19827, 19828, 19829, 19830, 19840, 19841, 19853, 19859, 19861, 19865, 19866, 19867, 19868, 19869, 19870, 19871, 19872, 19878, 19880, 19882, 19883, 19890, 19900, 19905, 19910, 19912, 19914, 19930, 19931, 19932, 19944, 19950, 19951, 19961.1, 19963, 19981, 19982, 19984, 19986, and 19987 of the Business and Professions Code, to amend Section 1822.60 of the Code of Civil Procedure, to amend Sections 12012.85, 15001, 15001.1, 15001.2, 15002.5, 70374, and 70391 of, and to add Sections 70374.2 and 70391.5 to, the Government Code, to amend Section 11493 of the Health and Safety Code, and to amend Sections 337j, 1465.7, 11102.1, 14027, and 14031 of the Penal Code, relating to the administration of justice, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

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

(1) The transfer of responsibility for court facilities from the counties to the state requires that court facilities be efficiently and economically provided to the court system.

(2) The State of California stands to benefit from the consideration and implementation of efficient and contemporary methods of developing and managing major capital infrastructure improvements. Significant cost increases in the real estate and construction sectors make it

imperative that the state proceed with capital construction in a timely manner to best mitigate those increases.

(3) The costs of maintaining and operating a building over its life span are greater than the initial construction costs, so the control of these maintenance and operations costs must be factored into any responsible infrastructure development method.

(4) Project delivery methods that implement these cost control considerations should include development by an entity that provides all capital activities, including the financing, design, construction, maintenance, and operation of a building. Those methods may include some or all of the following:

(A) Putting existing property to a higher and better use and leveraging redevelopment proceeds to reduce the state's cost of new replacement court projects.

(B) Combining new court facilities with other appropriate and compatible noncourt uses that would provide a subsidy to reduce the state's maintenance and operation costs.

(C) Utilizing competitive bids to give the state the best financing terms and possible subsidies from redevelopment of current court properties and development of new facilities.

(D) Using a lease-purchase with the option to acquire any noncourt space for future growth needs.

(5) The Judicial Council has established a detailed, multiyear court facilities capital infrastructure plan to acquire court facilities and provide necessary improvements for the judicial branch in the most economically feasible manner.

(b) In order to implement the findings and declarations contained in subdivision (a), the Legislature hereby enacts Section 70391.5 of the Government Code.

SEC. 2. Section 19804 of the Business and Professions Code is amended to read:

19804. (a) In any action for declaratory or injunctive relief, or for relief by way of any extraordinary writ, other than an action initiated pursuant to Section 19932, wherein the construction, application, or enforcement of this chapter, or any regulation adopted pursuant thereto, or any order of the department or the commission issued pursuant thereto, is called into question, a court shall not grant any preliminary or permanent injunction, or any peremptory writ of mandate, certiorari, or prohibition, in connection therewith, except as follows:

(1) Upon proof by clear and convincing evidence that the department or the commission is abusing or threatens to abuse its discretion.

(2) Upon proof by clear and convincing evidence that the department or the commission is exceeding or threatens to exceed its jurisdiction.

(b) No temporary injunction or other provisional order shall issue to restrain, stay, or otherwise interfere with any action by the department or the commission, except upon a finding by the court, based on clear and convincing evidence, that the public interest will not be prejudiced thereby, and no order may be effective for more than 15 calendar days.

(c) This section does not relieve a petitioner's obligation to exhaust administrative remedies.

(d) In an action for relief of any nature wherein the construction, application, or enforcement of this chapter, or any regulation adopted pursuant thereto, or any order of the department or commission issued pursuant thereto, is called into question, the party filing the pleading shall furnish a copy thereof to the department and to the commission. The copy shall be furnished by the party filing the pleading within 10 business days after filing.

SEC. 3. Section 19805 of the Business and Professions Code is amended to read:

19805. As used in this chapter, the following definitions shall apply:

(a) "Affiliate" means a person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, a specified person.

(b) "Applicant" means any person who has applied for, or is about to apply for, a state gambling license, a key employee license, a registration, a finding of suitability, a work permit, a manufacturer's or distributor's license, or an approval of any act or transaction for which the approval or authorization of the commission or department is required or permitted under this chapter.

(c) "Banking game" or "banked game" does not include a controlled game if the published rules of the game feature a player-dealer position and provide that this position must be continuously and systematically rotated amongst each of the participants during the play of the game, ensure that the player-dealer is able to win or lose only a fixed and limited wager during the play of the game, and preclude the house, another entity, a player, or an observer from maintaining or operating as a bank during the course of the game. For purposes of this section it is not the intent of the Legislature to mandate acceptance of the deal by every player if the department finds that the rules of the game render the maintenance of or operation of a bank impossible by other means. The house shall not occupy the player-dealer position.

(d) "Chief" means the head of the entity within the department that is responsible for fulfilling the obligations imposed upon the department by this chapter.

(e) "Commission" means the California Gambling Control Commission.

(f) “Controlled gambling” means to deal, operate, carry on, conduct, maintain, or expose for play any controlled game.

(g) “Controlled game” means any controlled game, as defined by subdivision (e) of Section 337j of the Penal Code.

(h) “Department” means the Department of Justice.

(i) “Director” means any director of a corporation or any person performing similar functions with respect to any organization.

(j) “Finding of suitability” means a finding that a person meets the qualification criteria described in subdivisions (a) and (b) of Section 19857, and that the person would not be disqualified from holding a state gambling license on any of the grounds specified in Section 19859.

(k) “Game” and “gambling game” means any controlled game.

(l) “Gambling” means to deal, operate, carry on, conduct, maintain, or expose for play any controlled game.

(m) “Gambling enterprise employee” means any natural person employed in the operation of a gambling enterprise, including, without limitation, dealers, floor personnel, security employees, countroom personnel, cage personnel, collection personnel, surveillance personnel, data-processing personnel, appropriate maintenance personnel, waiters and waitresses, and secretaries, or any other natural person whose employment duties require or authorize access to restricted gambling establishment areas.

(n) “Gambling establishment,” “establishment,” or “licensed premises” except as otherwise defined in Section 19812, means one or more rooms where any controlled gambling or activity directly related thereto occurs.

(o) “Gambling license” or “state gambling license” means any license issued by the state that authorizes the person named therein to conduct a gambling operation.

(p) “Gambling operation” means exposing for play one or more controlled games that are dealt, operated, carried on, conducted, or maintained for commercial gain.

(q) “Gross revenue” means the total of all compensation received for conducting any controlled game, and includes interest received in payment for credit extended by an owner licensee to a patron for purposes of gambling, except as provided by regulation.

(r) “Hours of operation” means the period during which a gambling establishment is open to conduct the play of controlled games within a 24-hour period. In determining whether there has been expansion of gambling relating to “hours of operation,” the department shall consider the hours in the day when the local ordinance permitted the gambling establishment to be open for business on January 1, 1996, and compare the current ordinance and the hours during which the gambling establishment may be open for business. The fact that the ordinance was

amended to permit gambling on a day, when gambling was not permitted on January 1, 1996, shall not be considered in determining whether there has been gambling in excess of that permitted by Section 19961.

(s) "House" means the gambling establishment, and any owner, shareholder, partner, key employee, or landlord thereof.

(t) "Independent agent," except as provided by regulation, means any person who does either of the following:

(1) Collects debt evidenced by a credit instrument.

(2) Contracts with an owner licensee, or an affiliate thereof, to provide services consisting of arranging transportation or lodging for guests at a gambling establishment.

(u) "Institutional investor" means any retirement fund administered by a public agency for the exclusive benefit of federal, state, or local public employees, any investment company registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), any collective investment trust organized by banks under Part Nine of the Rules of the Comptroller of the Currency, any closed-end investment trust, any chartered or licensed life insurance company or property and casualty insurance company, any banking and other chartered or licensed lending institution, any investment advisor registered under the Investment Advisors Act of 1940 (15 U.S.C. Sec. 80b-1 et seq.) acting in that capacity, and other persons as the commission may determine for reasons consistent with the policies of this chapter.

(v) "Key employee" means any natural person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make discretionary decisions that regulate gambling operations, including, without limitation, pit bosses, shift bosses, credit executives, cashier operations supervisors, gambling operation managers and assistant managers, managers or supervisors of security employees, or any other natural person designated as a key employee by the department for reasons consistent with the policies of this chapter.

(w) "Key employee license" means a state license authorizing the holder to be associated with a gambling enterprise as a key employee.

(x) "Licensed gambling establishment" means the gambling premises encompassed by a state gambling license.

(y) "Limited partnership" means a partnership formed by two or more persons having as members one or more general partners and one or more limited partners.

(z) "Limited partnership interest" means the right of a general or limited partner to any of the following:

(1) To receive from a limited partnership any of the following:

(A) A share of the revenue.

(B) Any other compensation by way of income.

(C) A return of any or all of his or her contribution to capital of the limited partnership.

(2) To exercise any of the rights provided under state law.

(aa) "Owner licensee" means an owner of a gambling enterprise who holds a state gambling license.

(ab) "Person," unless otherwise indicated, includes a natural person, corporation, partnership, limited partnership, trust, joint venture, association, or any other business organization.

(ac) "Player" means a patron of a gambling establishment who participates in a controlled game.

(ad) "Player-dealer" and "controlled game featuring a player-dealer position" refer to a position in a controlled game, as defined by the approved rules for that game, in which seated player participants are afforded the temporary opportunity to wager against multiple players at the same table, provided that this position is rotated amongst the other seated players in the game.

(ae) "Publicly traded racing association" means a corporation licensed to conduct horse racing and simulcast wagering pursuant to Chapter 4 (commencing with Section 19400) whose stock is publicly traded.

(af) "Qualified racing association" means a corporation licensed to conduct horse racing and simulcast wagering pursuant to Chapter 4 (commencing with Section 19400) that is a wholly owned subsidiary of a corporation whose stock is publicly traded.

(ag) "Work permit" means any card, certificate, or permit issued by the commission, or by a county, city, or city and county, whether denominated as a work permit, registration card, or otherwise, authorizing the holder to be employed as a gambling enterprise employee or to serve as an independent agent. A document issued by any governmental authority for any employment other than gambling is not a valid work permit for the purposes of this chapter.

SEC. 4. Section 19807 of the Business and Professions Code is amended to read:

19807. Except as otherwise provided in this chapter, whenever the department or commission is a defendant or respondent in any proceeding, or when there is any legal challenge to regulations issued by the commission or department, venue for the proceeding shall be in the County of Sacramento, the City and County of San Francisco, the County of Los Angeles, or the County of San Diego.

SEC. 5. Section 19810 of the Business and Professions Code is amended to read:

19810. Except as otherwise provided in this chapter, any power or authority of the department described in this chapter may be exercised

by the Attorney General or any other person as the Attorney General may delegate.

SEC. 6. Section 19814 of the Business and Professions Code is amended to read:

19814. (a) During their terms of office, the members of the commission shall not engage in any other business, vocation, or employment.

(b) Before entering upon the duties of his or her office, the chief and each member of the commission shall subscribe to the constitutional oath of office and, in addition, swear that he or she is not, and during his or her term of office shall not be, pecuniarily interested in, or doing business with, any person, business, or organization holding a gambling license.

SEC. 7. Section 19819 of the Business and Professions Code is amended to read:

19819. (a) The commission shall establish and maintain a general office for the transaction of its business in Sacramento. The commission may hold meetings at any place within the state when the interests of the public may be better served.

(b) A public record of every vote shall be maintained at the commission's principal office.

(c) A majority of the membership of the commission is a quorum of the commission. The concurring vote of three members of the commission shall be required for any official action of the commission or for the exercise of any of the commission's duties, powers, or functions.

(d) Except as otherwise provided in this chapter, Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code applies to meetings of the commission. Notwithstanding Section 11125.1 of the Government Code, documents, which are filed with the commission by the department for the purpose of evaluating the qualifications of an applicant, are exempt from disclosure under Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.

SEC. 8. Section 19821 of the Business and Professions Code is amended to read:

19821. (a) The commission shall cause to be made and kept a record of all proceedings at regular and special meetings of the commission. These records shall be open to public inspection.

(b) The commission shall maintain a file of all applications for licenses under this chapter, together with a record of all actions taken with respect to those applications. The file and record shall be open to public inspection.

(c) The department and commission may maintain any other files and records as they deem appropriate. Except as provided in this chapter, the records of the department and commission are exempt from disclosure under Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.

(d) Except as necessary for the administration of this chapter, no commissioner and no official, employee, or agent of the commission or the department, having obtained access to confidential records or information in the performance of duties pursuant to this chapter, shall knowingly disclose or furnish the records or information, or any part thereof, to any person who is not authorized by law to receive it. A violation of this subdivision is a misdemeanor.

(e) Notwithstanding subdivision (k) of Section 1798.24 of the Civil Code, a court shall not compel disclosure of personal information in the possession of the department or the commission to any person in any civil proceeding wherein the department or the commission is not a party, except for good cause and upon a showing that the information cannot otherwise be obtained. Nothing herein shall be construed to authorize the disclosure of personal information that would otherwise be exempt from disclosure.

SEC. 9. Section 19822 of the Business and Professions Code is amended to read:

19822. (a) All files, records, reports, and other information in possession of any state or local governmental agency that are relevant to an investigation by the department conducted pursuant to this chapter shall be made available to the department as requested. However, any tax information received from a governmental agency shall be used solely for effectuating the purposes of this chapter. To the extent that the files, records, reports, or information described in this section are confidential or otherwise privileged from disclosure under any law or exercise of discretion, they shall not lose that confidential or privileged status for having been disclosed to the department.

(b) All files, records, reports, and other information pertaining to gambling matters in the possession of the department shall be open at all times to inspection by the members of the commission.

SEC. 10. Section 19826 of the Business and Professions Code is amended to read:

19826. The department shall have all of the following responsibilities:

(a) To investigate the qualifications of applicants before any license, permit, or other approval is issued, and to investigate any request to the commission for any approval that may be required pursuant to this chapter. The department may recommend the denial or the limitation, conditioning, or restriction of any license, permit, or other approval.

(b) To monitor the conduct of all licensees and other persons having a material involvement, directly or indirectly, with a gambling operation or its holding company, for the purpose of ensuring that licenses are not issued or held by, and that there is no direct or indirect material involvement with, a gambling operation or holding company by ineligible, unqualified, disqualified, or unsuitable persons, or persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

(c) To investigate suspected violations of this chapter or laws of this state relating to gambling, including any activity prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with Section 330) of Title 9 of Part 1 of the Penal Code.

(d) To investigate complaints that are lodged against licensees, or other persons associated with a gambling operation, by members of the public.

(e) To initiate, where appropriate, disciplinary actions as provided in this chapter. In connection with any disciplinary action, the department may seek restriction, limitation, suspension, or revocation of any license or approval, or the imposition of any fine upon any person licensed or approved.

(f) To adopt regulations reasonably related to its functions and duties as specified in this chapter.

(g) Approve the play of any controlled game, including placing restrictions and limitations on how a controlled game may be played. The department shall make available to the public the rules of play and the collection rates of each gaming activity approved for play at each gambling establishment on the Attorney General's Web site. Actual costs incurred by the department to review and approve game rules shall be reimbursed to the department by the licensee making the request.

SEC. 11. Section 19827 of the Business and Professions Code is amended to read:

19827. (a) The department has all powers necessary and proper to enable it to carry out fully and effectually the duties and responsibilities of the department specified in this chapter. The investigatory powers of the department include, but are not limited to, all of the following:

(1) Upon approval of the chief, and without notice or warrant, the department may take any of the following actions:

(A) Visit, investigate, and place expert accountants, technicians, and any other person, as it may deem necessary, in all areas of the premises wherein controlled gambling is conducted for the purpose of determining compliance with the rules and regulations adopted pursuant to this chapter.

(B) Visit, inspect, and examine all premises where gambling equipment is manufactured, sold, or distributed.

(C) Inspect all equipment and supplies in any gambling establishment or in any premises where gambling equipment is manufactured, sold, or distributed.

(D) Summarily seize, remove, and impound any equipment, supplies, documents, or records from any licensed premises for the purpose of examination and inspection. However, upon reasonable demand by the licensee or the licensee's authorized representative, a copy of all documents and records seized shall be made and left on the premises.

(E) Demand access to, and inspect, examine, photocopy, and audit all papers, books, and records of an owner licensee on the gambling premises in the presence of the licensee or his or her agent.

(2) Except as provided in paragraph (1), upon obtaining an inspection warrant pursuant to Section 1822.60 of the Code of Civil Procedure, the department may inspect and seize for inspection, examination, or photocopying any property possessed, controlled, bailed, or otherwise held by any applicant, licensee, or any intermediary company, or holding company.

(3) The department may investigate, for purposes of prosecution, any suspected criminal violation of this chapter. However, nothing in this paragraph limits the powers conferred by any other law on agents of the department who are peace officers.

(4) The department may do both of the following:

(A) Issue subpoenas to require the attendance and testimony of witnesses and the production of books, records, documents, and physical materials.

(B) Administer oaths, examine witnesses under oath, take evidence, and take depositions and affidavits or declarations. Notwithstanding Section 11189 of the Government Code, the department, without leave of court, may take the deposition of any applicant or any licensee. Sections 11185 and 11191 of the Government Code do not apply to a witness who is an applicant or a licensee.

(b) (1) Subdivision (a) shall not be construed to limit warrantless inspections except as required by the California Constitution or the United States Constitution.

(2) Subdivision (a) shall not be construed to prevent entries and administrative inspections, including seizures of property, without a warrant in the following circumstances:

(A) With the consent of the owner, operator, or agent in charge of the premises.

(B) In situations presenting imminent danger to health and safety.

(C) In situations involving inspection of conveyances where there is reasonable cause to believe that the mobility of the conveyance makes it impractical to obtain a warrant, or in any other exceptional or emergency circumstance where time or opportunity to apply for a warrant is lacking.

(D) In accordance with this chapter.

(E) In all other situations where a warrant is not constitutionally required.

SEC. 12. Section 19828 of the Business and Professions Code is amended to read:

19828. (a) Without limiting any privilege that is otherwise available under law, any communication or publication from, or concerning, an applicant, licensee, or registrant, in oral, written, or any other form, is absolutely privileged and so shall not form a basis for imposing liability for defamation or constitute a ground for recovery in any civil action, under any of the following circumstances:

(1) It was made or published by an agent or employee of the department or commission in the proper discharge of official duties or in the course of any proceeding under this chapter.

(2) It was required to be made or published to the department or commission, or any of their agents or employees, by law, regulation, or subpoena of the department or the commission.

(3) It was, in good faith, made or published to the department or the commission for the purpose of causing, assisting, or aiding an investigation conducted pursuant to this chapter.

(b) If any document or communication provided to the department or the commission contains any information that is privileged pursuant to Division 8 (commencing with Section 900) of the Evidence Code, or any other provision of law, that privilege is not waived or lost because the document or communication is disclosed to the department or the commission or to any of their agents or employees.

(c) The department, the commission, and their agents and employees shall not release or disclose any information, documents, or communications provided by an applicant, licensee, or other person, that are privileged pursuant to Division 8 (commencing with Section 900) of the Evidence Code, or any other provision of law, without the prior written consent of the holder of the privilege, or pursuant to lawful court order after timely notice of the proceedings has been given to the holder of the privilege. An application to a court for an order requiring the department or the commission to release any information declared by law to be confidential shall be made only upon motion made in writing on not less than 10-business days' notice to the department or the

commission, and to all persons who may be affected by the entry of the order.

SEC. 13. Section 19829 of the Business and Professions Code is amended to read:

19829. Every district attorney, and every state and local law enforcement agency, shall furnish to the department, on forms prepared by the department, all information obtained during the course of any substantial investigation or prosecution of any person, as determined by the department, if it appears that a violation of any law related to gambling has occurred, including any violation of Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with Section 330) of Title 9 of Part 1 of the Penal Code.

SEC. 14. Section 19830 of the Business and Professions Code is amended to read:

19830. There is an investigative account within the Gambling Control Fund. All funds received for the purpose of paying expenses incurred by the department for investigation of an application for a license or approval under this chapter shall be deposited in the account. Expenses may be advanced from the investigative account to the department by the chief.

SEC. 15. Section 19840 of the Business and Professions Code is amended to read:

19840. The commission may adopt regulations for the administration and enforcement of this chapter. To the extent appropriate, regulations of the commission and the department shall take into consideration the operational differences of large and small establishments.

SEC. 16. Section 19841 of the Business and Professions Code is amended to read:

19841. The regulations adopted by the commission shall do all of the following:

(a) With respect to applications, registrations, investigations, and fees, the regulations shall include, but not be limited to, provisions that do all of the following:

- (1) Prescribe the method and form of application and registration.
- (2) Prescribe the information to be furnished by any applicant, licensee, or registrant concerning, as appropriate, the person's personal history, habits, character, associates, criminal record, business activities, organizational structure, and financial affairs, past or present.
- (3) Prescribe the information to be furnished by an owner licensee relating to the licensee's gambling employees.
- (4) Require fingerprinting or other methods of identification of an applicant, licensee, or employee of a licensee.

(5) Prescribe the manner and method of collection and payment of fees and issuance of licenses.

(b) Provide for the approval of game rules and equipment by the department to ensure fairness to the public and compliance with state laws.

(c) Implement the provisions of this chapter relating to licensing and other approvals.

(d) Require owner licensees to report and keep records of transactions, including transactions as determined by the department, involving cash or credit. The regulations may include, without limitation, regulations requiring owner licensees to file with the department reports similar to those required by Sections 5313 and 5314 of Title 31 of the United States Code, and by Sections 103.22 and 103.23 of Title 31 of the Code of Federal Regulations, and any successor provisions thereto, from financial institutions, as defined in Section 5312 of Title 31 of the United States Code and Section 103.11 of Title 31 of the Code of Federal Regulations, and any successor provisions.

(e) Provide for the receipt of protests and written comments on an application by public agencies, public officials, local governing bodies, or residents of the location of the gambling establishment or future gambling establishment.

(f) Provide for the disapproval of advertising by licensed gambling establishments that is determined by the department to be deceptive to the public. Regulations adopted by the commission for advertising by licensed gambling establishments shall be consistent with the advertising regulations adopted by the California Horse Racing Board and the Lottery Commission. Advertisement that appeals to children or adolescents or that offers gambling as a means of becoming wealthy is presumptively deceptive.

(g) Govern all of the following:

(1) The extension of credit.

(2) The cashing, deposit, and redemption of checks or other negotiable instruments.

(3) The verification of identification in monetary transactions.

(h) Prescribe minimum procedures for adoption by owner licensees to exercise effective control over their internal fiscal and gambling affairs, which shall include, but not be limited to, provisions for all of the following:

(1) The safeguarding of assets and revenues, including the recording of cash and evidences of indebtedness.

(2) Prescribing the manner in which compensation from games and gross revenue shall be computed and reported by an owner licensee.

(3) The provision of reliable records, accounts, and reports of transactions, operations, and events, including reports to the department.

(i) Provide for the adoption and use of internal audits, whether by qualified internal auditors or by certified public accountants. As used in this subdivision, "internal audit" means a type of control that operates through the testing and evaluation of other controls and that is also directed toward observing proper compliance with the minimum standards of control prescribed in subdivision (h).

(j) Require periodic financial reports from each owner licensee.

(k) Specify standard forms for reporting financial conditions, results of operations, and other relevant financial information.

(l) Formulate a uniform code of accounts and accounting classifications to ensure consistency, comparability, and effective disclosure of financial information.

(m) Prescribe intervals at which the information in subdivisions (j) and (k) shall be furnished to the department.

(n) Require audits to be conducted, in accordance with generally accepted auditing standards, of the financial statements of all owner licensees whose annual gross revenues equal or exceed a specified sum. However, nothing herein shall be construed to limit the department's authority to require audits of any owner licensee. Audits, compilations, and reviews provided for in this subdivision shall be made by independent certified public accountants licensed to practice in this state.

(o) Restrict, limit, or otherwise regulate any activity that is related to the conduct of controlled gambling, consistent with the purposes of this chapter.

(p) Define and limit the area, games, hours of operation, number of tables, wagering limits, and equipment permitted, or the method of operation of games and equipment, if the commission, upon the recommendation of, or in consultation with, the department, determines that local regulation of these subjects is insufficient to protect the health, safety, or welfare of residents in geographical areas proximate to a gambling establishment.

(q) Prohibit gambling establishments from cashing checks drawn against any federal, state, or county fund, including, but not limited to, social security, unemployment insurance, disability payments, or public assistance payments. However, a gambling establishment shall not be prohibited from cashing any payroll checks or checks for the delivery of goods or services that are drawn against a federal, state, or county fund.

Gambling establishments shall send the department copies of all dishonored or uncollectible checks at the end of each quarter.

(r) Provide for standards, specifications, and procedures governing the manufacture, distribution, including the sale and leasing, inspection, testing, location, operation, repair, and storage of gambling equipment, and for the licensing of persons engaged in the business of manufacturing, distributing, including the sale and leasing, inspection, testing, repair, and storage of gambling equipment.

SEC. 17. Section 19853 of the Business and Professions Code is amended to read:

19853. (a) The commission, by regulation or order, may require that the following persons register with the commission, apply for a finding of suitability as defined in subdivision (i) of 19805, or apply for a gambling license:

(1) Any person who furnishes any services or any property to a gambling enterprise under any arrangement whereby that person receives payments based on earnings, profits, or receipts from controlled gambling.

(2) Any person who owns an interest in the premises of a licensed gambling establishment or in real property used by a licensed gambling establishment.

(3) Any person who does business on the premises of a licensed gambling establishment.

(4) Any person who is an independent agent of, or does business with, a gambling enterprise as a ticket purveyor, a tour operator, the operator of a bus program, or the operator of any other type of travel program or promotion operated with respect to a licensed gambling establishment.

(5) Any person who provides any goods or services to a gambling enterprise for compensation that the commission finds to be grossly disproportionate to the value of the goods or services provided.

(6) Every person who, in the judgment of the commission, has the power to exercise a significant influence over the gambling operation.

(b) The department may conduct any investigation it deems necessary to determine whether a publicly traded corporation is, or has, engaged in activities specified in paragraph (2), (3), or (4) of subdivision (a), and shall report its findings to the commission. If a publicly traded corporation is engaged in activities described in paragraphs (2), (3), or (4) of subdivision (a), the commission may require the corporation and the following other persons to apply for and obtain a license or finding of suitability:

(1) Any officer or director.

(2) Any owner, other than an institutional investor, of 5 percent or more of the outstanding shares of the corporation.

SEC. 18. Section 19859 of the Business and Professions Code is amended to read:

19859. The commission shall deny a license to any applicant who is disqualified for any of the following reasons:

(a) Failure of the applicant to clearly establish eligibility and qualification in accordance with this chapter.

(b) Failure of the applicant to provide information, documentation, and assurances required by this chapter or requested by the chief, or failure of the applicant to reveal any fact material to qualification, or the supplying of information that is untrue or misleading as to a material fact pertaining to the qualification criteria.

(c) Conviction of a felony, including a conviction by a federal court or a court in another state for a crime that would constitute a felony if committed in California.

(d) Conviction of the applicant for any misdemeanor involving dishonesty or moral turpitude within the 10-year period immediately preceding the submission of the application, unless the applicant has been granted relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the Penal Code; provided, however, that the granting of relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the Penal Code shall not constitute a limitation on the discretion of the commission under Section 19856 or affect the applicant's burden under Section 19857.

(e) Association of the applicant with criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.

(f) Contumacious defiance by the applicant of any legislative investigatory body, or other official investigatory body of any state or of the United States, when that body is engaged in the investigation of crimes relating to gambling; official corruption related to gambling activities; or criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.

(g) The applicant is less than 21 years of age.

SEC. 19. Section 19861 of the Business and Professions Code is amended to read:

19861. Notwithstanding subdivision (i) of Section 19801, the commission shall not deny a license to a gambling establishment solely because it is not open to the public, provided that all of the following are true: (a) the gambling establishment is situated in a local jurisdiction that has an ordinance allowing only private clubs, and the gambling establishment was in operation as a private club under that ordinance on December 31, 1997, and met all applicable state and local gaming registration requirements; (b) the gambling establishment consists of no more than five gaming tables; (c) videotaped recordings of the entrance to the gambling room or rooms and all tables situated therein are made during all hours of operation by means of closed circuit television cameras, and these tapes are retained for a period of 30 days and are

made available for review by the department or commission upon request; and (d) the gambling establishment is open to members of the private club and their spouses in accordance with membership criteria in effect as of December 31, 1997.

A gambling establishment meeting these criteria, in addition to the other requirements of this chapter, may be licensed to operate as a private club gambling establishment until November 30, 2003, or until the ownership or operation of the gambling establishment changes from the ownership or operation as of January 1, 1998, whichever occurs first. Operation of the gambling establishments after this date shall only be permitted if the local jurisdiction approves an ordinance, pursuant to Sections 19961 and 19962, authorizing the operation of gambling establishments that are open to the public. The commission shall adopt regulations implementing this section. Prior to the commission's issuance of a license to a private club, the department shall ensure that the ownership of the gambling establishment has remained constant since January 1, 1998, and the operation of the gambling establishment has not been leased to any third party.

SEC. 20. Section 19865 of the Business and Professions Code is amended to read:

19865. The department shall furnish to the applicant supplemental forms, which the applicant shall complete and file with the department. These supplemental forms shall require, but shall not be limited to requiring, complete information and details with respect to the applicant's personal history, habits, character, criminal record, business activities, financial affairs, and business associates, covering at least a 10-year period immediately preceding the date of filing of the application. Each applicant shall submit two sets of fingerprints, using "live scan" or other prevailing, accepted technology, or on forms provided by the department. The department may submit one fingerprint card to the United States Federal Bureau of Investigation.

SEC. 21. Section 19866 of the Business and Professions Code is amended to read:

19866. An applicant for licensing or for any approval or consent required by this chapter, shall make full and true disclosure of all information to the department and the commission as necessary to carry out the policies of this state relating to licensing, registration, and control of gambling.

SEC. 22. Section 19867 of the Business and Professions Code is amended to read:

19867. (a) An application for a license or a determination of suitability shall be accompanied by the deposit of a sum of money that, in the judgment of the chief, will be adequate to pay the anticipated costs

and charges incurred in the investigation and processing of the application. The chief shall adopt a schedule of costs and charges of investigation for use as guidelines in fixing the amount of any required deposit under this section.

(b) During an investigation, the chief may require an applicant to deposit any additional sums as are required by the department to pay final costs and charges of the investigation.

(c) Any money received from an applicant in excess of the costs and charges incurred in the investigation or the processing of the application shall be refunded pursuant to regulations adopted by the department. At the conclusion of the investigation, the chief shall provide the applicant a written, itemized accounting of the costs and charges thereby incurred.

SEC. 23. Section 19868 of the Business and Professions Code is amended to read:

19868. (a) Within a reasonable time after the filing of an application and any supplemental information the department may require, and the deposit of any fee required pursuant to Section 19867, the department shall commence its investigation of the applicant and, for that purpose, may conduct any proceedings it deems necessary. To the extent practicable, all applications shall be acted upon within 180 calendar days of the date of submission of a completed application. If an investigation has not been concluded within 180 days after the date of submission of a completed application, the department shall inform the applicant in writing of the status of the investigation and shall also provide the applicant with an estimated date on which the investigation may reasonably be expected to be concluded.

(b) If denial of the application is recommended, the chief shall prepare and file with the commission his or her written reasons upon which the recommendation is based.

(1) Prior to filing his or her recommendation with the commission, the chief shall meet with the applicant, or the applicant's duly authorized representative, and inform him or her generally of the basis for any proposed recommendation that the application be denied, restricted, or conditioned.

(2) Not less than 10 business days prior to the meeting of the commission at which the application is to be considered, the department shall deliver to the applicant a summary of the chief's final report and recommendation.

(3) This section neither requires the department to divulge to the applicant any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained confidential, and

nor to divulge any information that might reveal the identity of any informer or jeopardize the safety of any person.

(c) A recommendation of denial of an application shall be without prejudice to a new and different application filed in accordance with applicable regulations.

SEC. 24. Section 19869 of the Business and Professions Code is amended to read:

19869. A request for withdrawal of any application may be made at any time prior to final action upon the application by the chief by the filing of a written request to withdraw with the commission. For the purposes of this section, final action by the department means a final determination by the chief regarding his or her recommendation on the application to the commission. The commission shall not grant the request unless the applicant has established that withdrawal of the application would be consistent with the public interest and the policies of this chapter. If a request for withdrawal is denied, the department may go forward with its investigation and make a recommendation to the commission upon the application, and the commission may act upon the application as if no request for withdrawal had been made. If a request for withdrawal is granted with prejudice, the applicant thereafter shall be ineligible to renew its application until the expiration of one year from the date of the withdrawal. Unless the commission otherwise directs, no fee or other payment relating to any application is refundable by reason of withdrawal of an application.

SEC. 25. Section 19870 of the Business and Professions Code is amended to read:

19870. (a) The commission, after considering the recommendation of the chief and any other testimony and written comments as may be presented at the meeting, or as may have been submitted in writing to the commission prior to the meeting, may either deny the application or grant a license to an applicant who it determines to be qualified to hold the license.

(b) When the commission grants an application for a license or approval, the commission may limit or place restrictions thereon as it may deem necessary in the public interest, consistent with the policies described in this chapter.

(c) When an application is denied, the commission shall prepare and file a detailed statement of its reasons for the denial.

(d) All proceedings at a meeting of the commission relating to a license application shall be recorded stenographically or on audiotape or videotape.

(e) A decision of the commission denying a license or approval, or imposing any condition or restriction on the grant of a license or approval

may be reviewed by petition pursuant to Section 1085 of the Code of Civil Procedure. Section 1094.5 of the Code of Civil Procedure shall not apply to any judicial proceeding described in the foregoing sentence, and the court may grant the petition only if the court finds that the action of the commission was arbitrary and capricious, or that the action exceeded the commission's jurisdiction.

SEC. 26. Section 19871 of the Business and Professions Code is amended to read:

19871. (a) The commission meeting described in Section 19870 shall be conducted in accordance with regulations of the commission and as follows:

- (1) Oral evidence shall be taken only upon oath or affirmation.
 - (2) Each party shall have all of the following rights:
 - (A) To call and examine witnesses.
 - (B) To introduce exhibits relevant to the issues of the case.
 - (C) To cross-examine opposing witnesses on any matters relevant to the issues, even though the matter was not covered on direct examination.
 - (D) To impeach any witness, regardless of which party first called the witness to testify.
 - (E) To offer rebuttal evidence.
 - (3) If the applicant does not testify in his or her own behalf, he or she may be called and examined as if under cross-examination.
 - (4) The meeting need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence may be considered, and is sufficient in itself to support a finding, if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of that evidence over objection in a civil action.
- (b) Nothing in this section confers upon an applicant a right to discovery of the department's investigative reports or to require disclosure of any document or information the disclosure of which is otherwise prohibited by any other provision of this chapter.

SEC. 27. Section 19872 of the Business and Professions Code is amended to read:

19872. (a) No member of the commission may communicate ex parte, directly or indirectly, with any applicant, or any agent, representative, or person acting on behalf of an applicant, upon the merits of an application for a license, permit, registration, or approval while the application is pending disposition before the department or the commission.

(b) No applicant, or any agent, representative, or person acting on behalf of an applicant, and no person who has a direct or indirect interest

in the outcome of a proceeding to consider an application for a license, permit, registration, or approval may communicate *ex parte*, directly or indirectly, with any member of the commission, upon the merits of the application while the application is pending disposition before the department.

(c) No employee or agent of the department, applicant, or any agent, representative, or person acting on behalf of an applicant, and no person who has a direct or indirect interest in the outcome of a proceeding to consider an application for a license, permit, registration, or approval may communicate *ex parte*, directly or indirectly, with any member of the commission, upon the merits of the application, while the application is pending disposition before the commission.

(d) The receipt by a member of the commission of an *ex parte* communication prohibited by this section may provide the basis for disqualification of that member or the denial of the application. The commission shall adopt regulations to implement this subdivision.

(e) For the purposes of this subdivision, “*ex parte*” means a communication without notice and opportunity for all parties to participate in the communication.

(f) Nothing in this section precludes a communication made on the record at a public hearing on a properly agendaized matter.

SEC. 28. Section 19878 of the Business and Professions Code is amended to read:

19878. (a) Neither an owner licensee, nor a California affiliate of an owner licensee, shall enter into, without prior approval of the commission, any contract or agreement with a person who is denied a license, or whose license is suspended or revoked by the commission, or with any business enterprise under the control of that person, after the date of receipt of notice of the commission’s action.

(b) An owner licensee or an affiliate of the owner licensee shall not employ, without prior approval of the commission, any person in any capacity for which he or she is required to be licensed, if the person has been denied a license, or if his or her license has been suspended or revoked after the date of receipt of notice of the action by the commission. Neither an owner licensee, nor a California affiliate of an owner licensee, without prior approval of the commission, shall enter into any contract or agreement with a person whose application has been withdrawn with prejudice, or with any business enterprise under the control of that person, for the period of time during which the person is prohibited from filing a new application for licensure.

(c) (1) If an employee who is required to be licensed pursuant to this chapter fails to apply for a license within the time specified by regulation, is denied a license, or has his or her license revoked by the commission,

the employee shall be terminated in any capacity in which he or she is required to be licensed and he or she shall not be permitted to exercise a significant influence over the gambling operation, or any part thereof, upon being notified of that action.

(2) If an employee who is required to be licensed pursuant to this chapter has his or her license suspended, the employee shall be suspended in any capacity in which he or she is required to be licensed and shall not be permitted to exercise a significant influence over the gambling operation, or any part thereof, during the period of suspension, upon being notified of that action.

(3) If the owner licensee designates another employee to replace the employee whose employment was terminated, the owner licensee shall promptly notify the department and shall require the newly designated employee to apply for a license.

(d) An owner licensee or an affiliate of the owner licensee shall not pay to a person whose employment has been terminated pursuant to subdivision (c) any remuneration for any service performed in any capacity in which the person is required to be licensed except for amounts due for services rendered before the date of receipt of notice of the commission's action. Neither an owner licensee, nor an affiliate thereof, during the period of suspension, shall pay to a person whose employment has been suspended pursuant to subdivision (c), any remuneration for any service performed in any capacity in which the person is required to be licensed, except for amounts due for services rendered before the date of receipt of notice of the commission's action.

(e) Except as provided in subdivision (c), a contract or agreement for the provision of services or property to an owner licensee or an affiliate thereof, or for the conduct of any activity at a gambling establishment, which is to be performed by a person required by this chapter or by regulations adopted pursuant to this chapter, to be licensed, shall be terminated upon a suspension or revocation of the person's license.

(f) In any case in which a contract or agreement for the provision of services or property to an owner licensee or an affiliate thereof, or for the conduct of any activity at a gambling establishment, is to be performed by a person required by this chapter or by regulations adopted by the commission to be licensed, the contract shall be deemed to include a provision for its termination without liability on the part of the owner licensee or its duly registered holding company upon a suspension or revocation of the person's license. In any action brought by the department or commission to terminate a contract pursuant to subdivision (c) or (e), it shall not be a defense that the agreement does not expressly include the provision described in this subdivision, and the lack of express

inclusion of the provision in the agreement shall not be a basis for enforcement of the contract by a party thereto.

SEC. 29. Section 19880 of the Business and Professions Code is amended to read:

19880. In addition to the requirements of Section 19852, in order to be eligible to receive a gambling license as the owner of a gambling enterprise, a corporation shall comply with all of the following requirements:

(a) Maintain an office of the corporation in the gambling establishment.

(b) Comply with all of the requirements of the laws of this state pertaining to corporations.

(c) Maintain, in the corporation's principal office in California or in the gambling establishment, a ledger that meets both of the following conditions:

(1) At all times reflects the ownership of record of every class of security issued by the corporation.

(2) Is available for inspection by the department at all reasonable times without notice.

(d) Register as a corporation with the department and supply the following supplemental information to the department:

(1) The organization, financial structure, and nature of the business to be operated, including the names, personal and criminal history, and fingerprints of all officers, directors, and key employees, and the names, addresses, and number of shares held by all stockholders of record.

(2) The rights and privileges acquired by the holders of different classes of authorized securities, including debentures.

(3) The terms on which securities are to be offered.

(4) The terms and conditions on all outstanding loans, mortgages, trust deeds, pledges, or any other indebtedness or security device.

(5) The extent of the equity security holdings in the corporation of all officers, directors, and underwriters, and their remuneration as compensation for services, in the form of salary, wages, fees, or otherwise.

(6) The amount of remuneration to persons other than directors and officers in excess of fifty thousand dollars (\$50,000) per annum.

(7) Bonus and profit-sharing arrangements.

(8) Management and service contracts.

(9) Options existing, or to be created, in respect of their securities or other interests.

(10) Financial statements for at least three fiscal years preceding the year of registration, or, if the corporation has not been in existence for a period of three years, financial statements from the date of its formation.

All financial statements shall be prepared in accordance with generally accepted accounting principles and audited by a licensee of the California Board of Accountancy.

(11) Any further financial data that the department, with the approval of the commission, may deem necessary or appropriate for the protection of the state.

(12) An annual profit-and-loss statement and an annual balance sheet, and a copy of its annual federal income tax return, within 30 calendar days after that return is filed with the Internal Revenue Service.

SEC. 30. Section 19882 of the Business and Professions Code is amended to read:

19882. (a) If at any time the commission denies a license to an individual owner of any security issued by a corporation that applies for or holds an owner license, the owner of the security shall immediately offer the security to the issuing corporation for purchase. The corporation shall purchase the security so offered, for cash in an amount not greater than fair market value, within 30 calendar days after the date of the offer.

(b) Beginning upon the date when the department serves notice of the denial upon the corporation, it is unlawful for the denied security owner to do any of the following:

(1) Receive any dividend or interest upon any security described in subdivision (a).

(2) Exercise, directly or through any trustee or nominee, any voting right conferred by any security described in subdivision (a).

(3) Receive any remuneration in any form from the corporation for services rendered or for any other purpose.

(c) Every security issued by a corporate owner licensee shall bear a statement, on both sides of the certificate evidencing the security, of the restrictions imposed by this section.

SEC. 31. Section 19883 of the Business and Professions Code is amended to read:

19883. (a) To the extent required by this chapter, officers and directors, shareholders, lenders, holders of evidence of indebtedness, underwriters, agents, or employees of a corporate owner licensee shall be licensed individually. The corporation shall require these persons to apply for a gambling license, and shall notify the department of every change of corporate officers, directors, or key employees within 10 business days after the change. An officer, director, or key employee who is required to apply for a license shall apply for the license within 30 calendar days after he or she becomes an officer, director, or key employee.

(b) The corporation shall immediately remove any officer or director required to apply for a license from any office or directorship if any of the following apply to that officer or director:

(1) He or she fails to apply for the license within 30 calendar days after becoming an officer or director.

(2) He or she is denied a license.

(3) His or her license is revoked.

(c) If the license of any officer or director is suspended, the corporation, immediately and for the duration of the suspension, shall suspend that officer or director.

(d) If any shareholder who is required to apply for a gambling license fails to apply for the license within the time required, the shareholder shall be deemed to have been denied a license for purposes of subdivision (b) of Section 19882.

(e) If any person, other than an officer, director, or shareholder, who is required to apply for a gambling license fails to do so, the failure may be deemed to be a failure of the corporate owner licensee to require the application.

SEC. 32. Section 19890 of the Business and Professions Code is amended to read:

19890. In addition to the requirements of Section 19852, in order to be eligible to receive a gambling license to own a gambling enterprise, a limited partnership shall comply with all of the following requirements:

(a) Be formed under the laws of this state.

(b) Maintain an office of the limited partnership in the gambling establishment.

(c) Comply with all of the requirements of the laws of this state pertaining to limited partnerships.

(d) Maintain a ledger in the principal office of the limited partnership in California that shall meet both of the following conditions:

(1) At all times reflects the ownership of all interests in the limited partnership.

(2) Be available for inspection by the department at all reasonable times without notice.

(e) Register with the department and supply the following supplemental information to the department:

(1) The organization, financial structure, and nature of the business to be operated, including the names, personal history, and fingerprints of all general partners and key employees, and the name, address, and interest of each limited partner.

(2) The rights, privileges, and relative priorities of limited partners as to the return of contributions to capital, and the right to receive income.

(3) The terms on which limited partnership interests are to be offered.

(4) The terms and conditions on all outstanding loans, mortgages, trust deeds, pledges, or any other indebtedness or security device.

(5) The extent of the holding in the limited partnership of all underwriters, and their remuneration as compensation for services, in the form of salary, wages, fees, or otherwise.

(6) The remuneration to persons other than general partners in excess of fifty thousand dollars (\$50,000) per annum.

(7) Bonus and profit-sharing arrangements.

(8) Management and service contracts.

(9) Options existing or to be created.

(10) Financial statements for at least three fiscal years preceding the year of registration, or, if the limited partnership has not been in existence for a period of three years, financial statements from the date of its formation. All financial statements shall be prepared in accordance with generally accepted accounting principles and audited by a licensee of the California Board of Accountancy in accordance with generally accepted auditing standards.

(11) Any further financial data that the department reasonably deems necessary or appropriate for the protection of the state.

(12) An annual profit and loss statement and an annual balance sheet, and a copy of its annual federal income tax return, within 30 calendar days after the return is filed with the Internal Revenue Service.

SEC. 33. Section 19900 of the Business and Professions Code is amended to read:

19900. (a) Except as may be provided by regulation of the department, the following security interests shall not be enforced without the prior approval of the commission and compliance with regulations adopted pursuant to subdivision (b):

(1) In a security issued by a corporation that is a holder of a gambling license in this state.

(2) In a security issued by a holding company that is not a publicly traded corporation.

(3) In a security issued by a partnership that is a holder of a gambling license in this state.

(b) The department shall adopt regulations establishing the procedure for the enforcement of a security interest. Any remedy provided by the regulations for the enforcement of the security interest is in addition to any other remedy provided by law.

SEC. 34. Section 19905 of the Business and Professions Code is amended to read:

19905. Every owner licensee that is involved in a transaction for the extension or redemption of credit by the licensee, or for the payment, receipt, or transfer of coin, currency, or other monetary instruments, as

specified by the commission, in an amount, denomination, or amount and denomination, or under circumstances prescribed by regulations, and any other participant in the transaction, as specified by the commission, shall, if required by regulation, make and retain a record of, or file with the department a report on, the transaction, at the time and in the manner prescribed by regulations.

SEC. 35. Section 19910 of the Business and Professions Code is amended to read:

19910. The Legislature finds that to protect and promote the health, safety, good order, and general welfare of the inhabitants of this state, and to carry out the policy declared by this chapter, it is necessary that the department ascertain and keep itself informed of the identity, prior activities, and present location of all gambling enterprise employees and independent agents in the State of California, and when appropriate to do so, recommend to the commission for approval persons for employment in gambling establishments as provided in this article.

SEC. 36. Section 19912 of the Business and Professions Code is amended to read:

19912. (a) (1) A person shall not be employed as a gambling enterprise employee, or serve as an independent agent, except as provided in paragraph (2), unless he or she is the holder of one of the following:

(A) A valid work permit issued in accordance with the applicable ordinance or regulations of the county, city, or city and county in which his or her duties are performed.

(B) A work permit issued by the commission pursuant to regulations adopted by the commission for the issuance and renewal of work permits. A work permit issued by the commission shall be valid for two years.

(2) An independent agent is not required to hold a work permit if he or she is not a resident of this state and has registered with the department in accordance with regulations.

(b) A work permit shall not be issued by any city, county, or city and county to any person who would be disqualified from holding a state gambling license for the reasons specified in subdivisions (a) to (g), inclusive, of Section 19859.

(c) The department may object to the issuance of a work permit by a city, county, or city and county for any cause deemed reasonable by the department, and if the department objects to issuance of a work permit, the work permit shall be denied.

(1) The commission shall adopt regulations specifying particular grounds for objection to issuance of, or refusal to issue, a work permit.

(2) The ordinance of any city, county, or city and county relating to issuance of work permits shall permit the department to object to the issuance of any permit.

(3) Any person whose application for a work permit has been denied because of an objection by the department may apply to the commission for an evidentiary hearing in accordance with regulations.

(d) Application for a work permit for use in any jurisdiction where a locally issued work permit is not required by the licensing authority of a city, county, or city and county shall be made to the commission, and may be granted or denied for any cause deemed reasonable by the commission. If the commission denies the application, it shall include in its notice of denial a statement of facts upon which it relied in denying the application. Upon receipt of an application for a work permit, the commission may issue a temporary work permit for a period not to exceed 120 days, pending completion of the background investigation by the department and official action by the commission with respect to the work permit application.

(e) An order of the commission denying an application for a work permit, including an order declining to issue a work permit following review pursuant to paragraph (3) of subdivision (c), may be reviewed in accordance with subdivision (e) of Section 19870.

SEC. 37. Section 19914 of the Business and Professions Code is amended to read:

19914. (a) The commission may revoke a work permit or, if issued by the licensing authority of a city, county, or city and county, notify the authority to revoke it, and the licensing authority shall revoke it, if the commission finds, after a hearing, that a gambling enterprise employee or independent agent has failed to disclose, misstated, or otherwise misled the department or the commission with respect to any fact contained in any application for a work permit, or if the commission finds that the employee or independent agent, subsequent to being issued a work permit, has done any of the following:

(1) Committed, attempted, or conspired to do any acts prohibited by this chapter.

(2) Engaged in any dishonest, fraudulent, or unfairly deceptive activities in connection with controlled gambling, or knowingly possessed or permitted to remain in or upon any premises any cards, dice, mechanical devices, or any other cheating device.

(3) Concealed or refused to disclose any material fact in any investigation by the department.

(4) Committed, attempted, or conspired to commit, any embezzlement or larceny against a gambling licensee or upon the premises of a gambling establishment.

(5) Been convicted in any jurisdiction of any offense involving or relating to gambling.

(6) Accepted employment without prior commission approval in a position for which he or she could be required to be licensed under this chapter after having been denied a license or after failing to apply for licensing when requested to do so by the commission.

(7) Been refused the issuance of any license, permit, or approval to engage in or be involved with gambling or parimutuel wagering in any jurisdiction, or had the license, permit, or approval revoked or suspended.

(8) Been prohibited under color of governmental authority from being present upon the premises of any licensed gambling establishment or any establishment where parimutuel wagering is conducted, for any reason relating to improper gambling activities or any illegal act.

(9) Been convicted of any felony.

(b) The commission shall revoke a work permit if it finds, after hearing, that the holder thereof would be disqualified from holding a state gambling license for the reasons specified in subdivision (f) or (g) of Section 19859.

(c) Nothing in this section shall be construed to limit any powers of the commission with respect to licensing.

SEC. 38. Section 19930 of the Business and Professions Code is amended to read:

19930. (a) The department shall make appropriate investigations as follows:

(1) Determine whether there has been any violation of this chapter or any regulations adopted thereunder.

(2) Determine any facts, conditions, practices, or matters that it may deem necessary or proper to aid in the enforcement of this chapter or any regulation adopted thereunder.

(3) To aid in adopting regulations.

(4) To secure information as a basis for recommending legislation relating to this chapter.

(b) If, after any investigation, the department is satisfied that a license, permit, finding of suitability, or approval should be suspended or revoked, it shall file an accusation with the commission in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) In addition to any action that the commission may take against a license, permit, finding of suitability, or approval, the commission may also require the payment of fines or penalties. However, no fine imposed shall exceed twenty thousand dollars (\$20,000) for each separate violation of any provision of this chapter or any regulation adopted thereunder.

(d) In any case in which the administrative law judge recommends that the commission revoke, suspend, or deny a license, the administrative law judge may, upon presentation of suitable proof, order the licensee

or applicant for a license to pay the department the reasonable costs of the investigation and prosecution of the case.

(1) The costs assessed pursuant to this subdivision shall be fixed by the administrative law judge and may not be increased by the commission. When the commission does not adopt a proposed decision and remands the case to the administrative law judge, the administrative law judge may not increase the amount of any costs assessed in the proposed decision.

(2) The department may enforce the order for payment in the superior court in the county in which the administrative hearing was held. The right of enforcement shall be in addition to any other rights that the department may have as to any licensee directed to pay costs.

(3) In any judicial action for the recovery of costs, proof of the commission's decision shall be conclusive proof of the validity of the order of payment and the terms for payment.

(e) Notwithstanding any other provision of law, all costs recovered under this section shall be deposited in the fines and penalties account, a special account described in subdivision (a) of Section 19950.

(f) For purposes of this section, "costs" include costs incurred for any of the following:

(1) The investigation of the case by the department.

(2) The preparation and prosecution of the case by the Office of the Attorney General.

SEC. 39. Section 19931 of the Business and Professions Code is amended to read:

19931. (a) The department may issue any emergency orders against an owner licensee or any person involved in a transaction requiring prior approval that the department deems reasonably necessary for the immediate preservation of the public peace, health, safety, or general welfare.

(b) The emergency order shall set forth the grounds upon which it is based, including a statement of facts constituting the alleged emergency necessitating the action.

(c) The emergency order is effective immediately upon issuance and service upon the owner licensee or any agent of the licensee registered with the department for receipt of service, or, in cases involving prior approval, upon issuance and service upon the person or entity involved, or upon an agent of that person or entity authorized to accept service of process in this state. The emergency order may suspend, limit, condition, or take other action in relation to the license of one or more persons in an operation without affecting other individual licensees, registrants, or the licensed gambling establishment. The emergency order remains

effective until further order of the commission or final disposition of any proceeding conducted pursuant to subdivision (d).

(d) Within two calendar days after issuance of an emergency order, the department shall file an accusation with the commission against the person or entity involved. Thereafter, the person or entity against whom the emergency order has been issued and served is entitled to a hearing which, if so requested, shall commence within 10 business days of the date of the request if a gambling operation is closed by the order, and in all other cases, within 30 calendar days of the date of the request. On application of the department, and for good cause shown, a court may extend the time within which a hearing is required to be commenced, upon those terms and conditions that the court deems equitable.

SEC. 40. Section 19932 of the Business and Professions Code is amended to read:

19932. (a) Any person aggrieved by a final decision or order of the commission that limits, conditions, suspends, or revokes any previously granted license or approval, made after hearing by the commission, may petition the Superior Court for the County of Sacramento for judicial review pursuant to Section 1094.5 of the Code of Civil Procedure and Section 11523 of the Government Code. Notwithstanding any other provision of law, the standard set forth in paragraph (1) of subdivision (h) of Section 1094.5 of the Code of Civil Procedure shall apply for obtaining a stay of the operation of a final decision or order of the commission. In every case where it is claimed that the findings are not supported by the evidence, abuse of discretion is established if the court determines that the findings are not supported by substantial evidence in light of the whole record.

(b) The court may summarily deny the petition, or the court may issue an alternative writ directing the commission to certify the whole record of the department in the case to the court within a time specified. No new or additional evidence shall be introduced in the court, but, if an alternative writ issues, the cause shall be heard on the whole record of the department as certified by the commission.

(c) In determining the cause following issuance of an alternative writ, the court shall enter judgment affirming, modifying, or reversing the order of the commission, or the court may remand the case for further proceedings before, or reconsideration by, the commission.

(d) Except as otherwise provided in Section 19870 and subdivision (e) in Section 19912, this section provides the exclusive means to review adjudicatory decisions of the commission.

SEC. 41. Section 19944 of the Business and Professions Code is amended to read:

19944. Any person who willfully resists, prevents, impedes, or interferes with the department or the commission or any of their agents or employees in the performance of duties pursuant to this chapter is guilty of a misdemeanor, punishable by imprisonment in a county jail for not more than six months, by a fine not exceeding one thousand dollars (\$1,000), or by both that imprisonment and fine.

SEC. 42. Section 19950 of the Business and Professions Code is amended to read:

19950. (a) All fines and penalties collected pursuant to this chapter shall be deposited in a special account in the General Fund, and, upon appropriation, may be expended by the Department of Justice to offset costs incurred pursuant to this chapter.

(b) Except as otherwise provided in subdivision (a), all fees and revenue collected pursuant to this chapter shall be deposited in the Gambling Control Fund, which is hereby created in the State Treasury. The funds deposited in the Gambling Control Fund shall be available, upon appropriation by the Legislature, for expenditure by the department and commission exclusively for the support of the department and commission in carrying out their duties and responsibilities under this chapter.

SEC. 43. Section 19951 of the Business and Professions Code is amended to read:

19951. (a) Every application for a license or approval shall be accompanied by a nonrefundable fee of five hundred dollars (\$500).

(b) (1) Any fee paid pursuant to this section, including all licenses issued to key employees and other persons whose names are endorsed upon the license, shall be assessed against the gambling license issued to the owner of the gambling establishment.

(2) (A) The fee for initial issuance of a state gambling license shall be an amount determined by the commission in accordance with regulations adopted pursuant to this chapter.

(B) The fee for the renewal of a state gambling license shall be determined pursuant to the schedule in subdivision (c) or the schedule in subdivision (d), whichever amount is greater.

(C) The holder of a provisional license shall pay an annual fee pursuant to the schedule in subdivision (c).

(c) The schedule based on the number of tables is as follows:

(1) For a license authorizing one to five tables, inclusive, at which games are played, three hundred dollars (\$300) for each table.

(2) For a license authorizing six to eight tables, inclusive, at which games are played, five hundred fifty dollars (\$550) for each table.

(3) For a license authorizing 9 to 14 tables, inclusive, at which games are played, one thousand three hundred dollars (\$1,300) for each table.

(4) For a license authorizing 15 to 25 tables, inclusive, at which games are played, two thousand seven hundred dollars (\$2,700) for each table.

(5) For a license authorizing 26 to 70 tables, inclusive, at which games are played, four thousand dollars (\$4,000) for each table.

(6) For a license authorizing 71 or more tables at which games are played, four thousand seven hundred dollars (\$4,700) for each table.

(d) Without regard to the number of tables at which games may be played pursuant to a gambling license, if, at any time of any license renewal, or when a licensee is required to pay the fee described in subparagraph (C) of paragraph (2) of subdivision (b) it is determined that the gross revenues of an owner licensee during the licensee's previous fiscal year fell within the following ranges, the annual fee shall be as follows:

(1) For a gross revenue of two hundred thousand dollars (\$200,000) to four hundred ninety-nine thousand nine hundred ninety-nine dollars (\$499,999), inclusive, the amount specified by the department pursuant to paragraph (2) of subdivision (c).

(2) For a gross revenue of five hundred thousand dollars (\$500,000) to one million nine hundred ninety-nine thousand nine hundred ninety-nine dollars (\$1,999,999), inclusive, the amount specified by the department pursuant to paragraph (3) of subdivision (c).

(3) For a gross revenue of two million dollars (\$2,000,000) to nine million nine hundred ninety-nine thousand nine hundred ninety-nine dollars (\$9,999,999), inclusive, the amount specified by the department pursuant to paragraph (4) of subdivision (c).

(4) For a gross revenue of ten million dollars (\$10,000,000) to twenty-nine million nine hundred ninety-nine thousand nine hundred ninety-nine dollars (\$29,999,999), the amount specified by the department pursuant to paragraph (5) of subdivision (c).

(5) For a gross revenue of thirty million dollars (\$30,000,000) or more, the amount specified by the department pursuant to paragraph (6) of subdivision (c).

(e) The commission may provide for payment of the annual gambling license fee on an annual or installment basis.

(f) For the purposes of this section, each table at which a game is played constitutes a single game table.

(g) It is the intent of the Legislature that the fees paid pursuant to this section are sufficient to enable the department and the commission to fully carry out their duties and responsibilities under this chapter.

SEC. 44. Section 19961.1 of the Business and Professions Code is amended to read:

19961.1. Any amendment to a city or county ordinance relating to gambling establishments, or the Gambling Control Act, shall be submitted

to the department for review and comment, before the ordinance is adopted by the city or county.

SEC. 45. Section 19963 of the Business and Professions Code is amended to read:

19963. (a) In addition to any other limitations on the expansion of gambling imposed by Section 19962 or any provision of this chapter, the commission may not issue a gambling license for a gambling establishment that was not licensed to operate on December 31, 1999, unless an application to operate that establishment was on file with the department prior to September 1, 2000.

(b) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

SEC. 46. Section 19981 of the Business and Professions Code is amended to read:

19981. (a) A member of the commission, the executive director, the chief, and any employee of the commission or department designated by regulation, shall not, for a period of three years after leaving office or terminating employment, for compensation, act as agent or attorney for, or otherwise represent, any other person by making any formal or informal appearance, or by making any oral or written communication, before the commission or the department, or any officer or employee thereof, if the appearance or communication is for the purpose of influencing administrative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, or approval.

(b) A member of the commission shall not solicit or accept campaign contributions from any person, including any applicant or licensee.

SEC. 47. Section 19982 of the Business and Professions Code is amended to read:

19982. (a) A license may be denied, suspended, or revoked if the applicant or licensee, within three years prior to the submission of the license or renewal application, or any time thereafter, violates any law or ordinance with respect to campaign finance disclosure or contribution limitations applicable to an election that is conducted pursuant to Section 19960, former Section 19950, or pursuant to former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter.

(1) The remedies specified herein are in addition to any other remedy or penalty provided by law.

(2) Any final determination by the Fair Political Practices Commission that the applicant did not violate any provision of state law within its jurisdiction shall be binding on the commission.

(3) Any final determination by a city or county governmental body having ultimate jurisdiction over the matter that the applicant did not violate an ordinance with respect to campaign finance disclosure or contribution limitations applicable to an election conducted pursuant to Section 19960, former Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter, shall be binding on the commission.

(b) Every applicant for a gambling license, or any renewal thereof, shall file with the department, at the time the license application or renewal is filed, the following information:

(1) Any statement or other document required to be filed with the Fair Political Practices Commission relative to an election that is conducted pursuant to Section 19960, former Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter, within three years of the date on which the application is submitted.

(2) Any statement or other document required to be filed with any local jurisdiction respecting campaign finance disclosure or contribution limitations applicable to an election that is conducted pursuant to Section 19960, former Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter, within three years of the date on which the application is submitted.

(3) A report of any contribution of money or thing of value, in excess of one hundred dollars (\$100), made to any committee, as defined by Section 82013 of the Government Code, associated with any election that is conducted pursuant to Section 19960, former Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter, within three years of the date on which the application is submitted.

(4) A report of any other significant involvement by the applicant or licensee in an election that is conducted pursuant to Section 19960, former Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter, within three years of the date on which the application is submitted.

(c) The commission shall adopt regulations to implement this section.

SEC. 48. Section 19984 of the Business and Professions Code is amended to read:

19984. Notwithstanding any other provision of law, a licensed gambling establishment may contract with a third party for the purpose of providing proposition player services, subject to the following conditions:

(a) Any agreement, contract, or arrangement between a gambling establishment and a third-party provider of proposition player services

shall be approved in advance by the department, and in no event shall a gambling establishment or the house have any interest, whether direct or indirect, in funds wagered, lost, or won.

(b) The commission shall establish reasonable criteria for, and require the licensure and registration of, any person or entity that provides proposition player services to gambling establishments pursuant to this section, including owners, supervisors, and players. Those employed by a third-party provider of proposition player services, including owners, supervisors, observers, and players, shall wear a badge which clearly identifies them as proposition players whenever they are present within a gambling establishment. The commission may impose licensing requirements, disclosures, approvals, conditions, or limitations as it deems necessary to protect the integrity of controlled gambling in this state, and may assess and collect reasonable fees and deposits as necessary to defray the costs of providing this regulation and oversight.

(c) The department, pursuant to regulations of the commission, is empowered to perform background checks, financial audits, and other investigatory services as needed to assist the commission in regulating third party providers of proposition player services, and may assess and collect reasonable fees and deposits as necessary to defray the costs of providing this regulation and oversight. The department may adopt emergency regulations in order to implement this subdivision.

(d) No agreement or contract between a licensed gambling establishment and a third party concerning the provision of proposition player services shall be invalidated or prohibited by the department pursuant to this section until the commission establishes criteria for, and makes determinations regarding the licensure or registration of, the provision of these services pursuant to subdivision (b).

SEC. 49. Section 19986 of the Business and Professions Code is amended to read:

19986. (a) Notwithstanding any other provision of state law a nonprofit organization may conduct a fundraiser using controlled games as a funding mechanism to further the purposes and mission of the nonprofit organization.

(b) A nonprofit organization holding a fundraiser pursuant to subdivision (a) shall not conduct more than one fundraiser per calendar year, and each fundraiser shall not exceed five consecutive hours. Each fundraiser shall be preapproved by the department. Eligible nonprofit organizations that have multiple chapters may hold one fundraiser per chapter per calendar year.

(c) No cash prizes or wagers may be awarded to participants, however, the winner of each controlled game may be entitled to a prize from those donated to the fundraiser. An individual prize awarded to each winner

shall not exceed a cash value of five hundred dollars (\$500). For each event, the total cash value of prizes awarded shall not exceed five thousand dollars (\$5,000).

(d) At least 90 percent of the gross revenue from the fundraiser shall go directly to a nonprofit organization. Compensation shall not be paid from revenues required to go directly to the nonprofit organization for the benefit of which the fundraiser is conducted, and no more than 10 percent of the gross receipts of a fundraiser may be paid as compensation to the entity or persons conducting the fundraiser for the nonprofit organization. If an eligible nonprofit organization does not own a facility in which to conduct a fundraiser and is required to pay the entity or person conducting the fundraiser a rental fee for the facility, the fair market rental value of the facility shall not be included when determining the compensation payable to the entity or person for purposes of this section. This section does not preclude an eligible organization from using funds from sources other than the gross revenue of the fundraiser to pay for the administration or other costs of conducting the fundraiser.

(e) An eligible nonprofit organization shall not conduct a fundraiser authorized by this section, unless it has been in existence and operation for at least three years and registers annually with the department. The department shall furnish a registration form on its Internet Web site or, upon request, to eligible nonprofit organizations. The department shall, by regulation, collect only the information necessary pursuant to this section on this form. This information shall include, but is not limited to, the following:

- (1) The name and address of the eligible organization.
- (2) The federal tax identification number, the corporate number issued by the Secretary of State, the organization number issued by the Franchise Tax Board, or the California charitable trust identification number of the eligible organization.

- (3) The name and title of a responsible fiduciary of the organization.

(f) The department shall adopt regulations necessary to effectuate this section, including emergency regulations, pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(g) The nonprofit organization shall maintain records for each fundraiser using controlled games, which shall include:

- (1) An itemized list of gross receipts for the fundraiser.
- (2) An itemized list of recipients of the net profit of the fundraiser, including the name, address, and purpose for which fundraiser proceeds are to be used.

- (3) The number of persons who participated in the fundraiser.

- (4) An itemized list of the direct cost incurred for each fundraiser.

(5) A list of all prizes awarded during each fundraiser.
(6) The date, hours, and location for each fundraiser held.
(h) As used in this article, “nonprofit organization” means an organization that has been qualified to conduct business in California for at least three years prior to conducting controlled games and is exempt from taxation pursuant to Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or 23701w of the Revenue and Taxation Code.

(i) The department may take legal action against a registrant if it determines that the registrant has violated this section or any regulation adopted pursuant to this section, or that the registrant has engaged in any conduct that is not in the best interest of the public’s health, safety, or general welfare. Any action taken pursuant to this subdivision does not prohibit the commencement of an administrative or criminal action by the Attorney General, a district attorney, or county counsel.

(j) The department may require an eligible organization to pay an annual registration fee of up to one hundred dollars (\$100) per year to cover the actual costs of the department to administer and enforce this section. The annual registration fees shall be deposited by the department into the Gambling Control Fund.

(k) No fundraiser permitted under this section may be conducted by means of, or otherwise utilize, any gaming machine, apparatus, or device that meets the definition of a slot machine contained in Section 330b or 330.1 of the Penal Code.

(l) No more than four fundraisers at the same location, even if sponsored by different nonprofit organizations, shall be permitted in any calendar year, except in rural areas where preapproved by the department. For purposes of this section, “rural” shall mean any county with an urban influence code, as established by the latest publication of the Economic Research Service of the United States Department of Agriculture, of “3” or more.

(m) The authority to conduct a fundraiser, as well as the type of controlled games, may be governed by local ordinance.

(n) No person shall be permitted to participate in the fundraiser unless that person is at least 21 years of age.

(o) No fundraiser permitted under this section may be operated or conducted over the Internet.

SEC. 50. Section 19987 of the Business and Professions Code is amended to read:

19987. (a) The department, by regulation or order, may require any person or entity set forth in subdivision (b), to register with the department.

(b) “Person or entity” means one who, directly or indirectly, manufactures, distributes, supplies, vends, leases, or otherwise provides, supplies, devices, or other equipment designed for use in the playing of controlled games by any nonprofit organization registered to conduct controlled games.

SEC. 51. Section 1822.60 of the Code of Civil Procedure is amended to read:

1822.60. A warrant may be issued under the requirements of this title to authorize personnel of the Department of Justice to conduct inspections as provided in subdivision (a) of Section 19827 of the Business and Professions Code.

SEC. 52. Section 12012.85 of the Government Code is amended to read:

12012.85. There is hereby created in the State Treasury a fund called the “Indian Gaming Special Distribution Fund” for the receipt and deposit of moneys received by the state from Indian tribes pursuant to the terms of tribal-state gaming compacts. These moneys shall be available for appropriation by the Legislature for the following purposes:

(a) Grants, including any administrative costs, for programs designed to address gambling addiction.

(b) Grants, including any administrative costs, for the support of state and local government agencies impacted by tribal government gaming.

(c) Compensation for regulatory costs incurred by the State Gaming Agency and the Department of Justice in connection with the implementation and administration of tribal-state gaming compacts.

(d) Payment of shortfalls that may occur in the Indian Gaming Revenue Sharing Trust Fund. This shall be the priority use of moneys in the Indian Gaming Special Distribution Fund.

(e) Disbursements for the purpose of implementing the terms of tribal labor relations ordinances promulgated in accordance with the terms of tribal-state gaming compacts ratified pursuant to Chapter 874 of the Statutes of 1999. No more than 10 percent of the funds appropriated in the Budget Act of 2000 for implementation of tribal labor relations ordinances promulgated in accordance with those compacts shall be expended in the selection of the Tribal Labor Panel. The Department of Personnel Administration shall consult with and seek input from the parties prior to any expenditure for purposes of selecting the Tribal Labor Panel. Other than the cost of selecting the Tribal Labor Panel, there shall be no further disbursements until the Tribal Labor Panel, which is selected by mutual agreement of the parties, is in place.

(f) Any other purpose specified by law.

(g) Priority for funding from the Indian Gaming Special Distribution Fund is in the following descending order:

(1) An appropriation to the Indian Gaming Revenue Sharing Trust Fund in an aggregate amount sufficient to make payments of any shortfalls that may occur in the Indian Gaming Revenue Sharing Trust Fund.

(2) An appropriation to the Office of Problem and Pathological Gambling within the State Department of Alcohol and Drug Programs for problem gambling prevention programs.

(3) The amount appropriated in the annual Budget Act for allocation between the Department of Justice and the California Gambling Control Commission for regulatory functions that directly relates to Indian gaming.

(4) An appropriation for the support of local government agencies impacted by tribal gaming.

SEC. 53. Section 15001 of the Government Code is amended to read:

15001. The department is composed of the Office of the Attorney General and those other divisions, bureaus, branches, sections, or other units as the Attorney General may create within the department pursuant to Section 15002.5.

SEC. 54. Section 15001.1 of the Government Code is amended to read:

15001.1. The Department of Justice is responsible for investigation and enforcement of controlled gambling activity in this state as set forth in the Gambling Control Act (Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code).

SEC. 55. Section 15001.2 of the Government Code is amended to read:

15001.2. Any process issued by the Department of Justice for purposes of implementing and enforcing the Gambling Control Act (Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code) may be issued in the name of the department. Any hearing conducted by the Attorney General for these purposes may be styled as conducted before the department.

SEC. 56. Section 15002.5 of the Government Code is amended to read:

15002.5. The Attorney General may arrange and classify the work of the Department of Justice, and consolidate, abolish, or create divisions, bureaus, branches, sections or units within the department. Any statutory or other reference to the Office of the Attorney General, the State Bureau of Criminal Identification and Investigation, the Division of Narcotic Enforcement, or the Division of Gambling Control shall be construed to refer to the division, bureau, branch, section or unit within the department which is performing the functions referred to; and no such function shall be abolished without express statutory authority.

SEC. 57. Section 70374 of the Government Code is amended to read:

70374. (a) The Judicial Council shall annually recommend to the Governor and the Legislature the amount proposed to be spent for projects paid for with money in the State Court Facilities Construction Fund. The use of the appropriated money is subject to subdivision (l) of Section 70391.

(b) Acquisition and construction of court facilities shall be subject to the State Building Construction Act of 1955 (commencing with Section 15800) and the Property Acquisition Law (commencing with Section 15850), except that, (1) notwithstanding any other provision of law, the Administrative Office of the Courts shall serve as an implementing agency upon approval of the Department of Finance, and (2) the provisions of subdivision (e) shall prevail. Acquisition and construction of facilities are not subject to the provisions of the Public Contract Code, but shall be subject to facilities contracting policies and procedures adopted by the Judicial Council after consultation and review by the Department of Finance.

(c) Money in the State Court Facilities Construction Fund shall only be used for either of the following:

(1) To acquire, rehabilitate, construct, or finance court facilities, as defined by subdivision (e) of Section 70302.

(2) To rehabilitate one or more existing court facilities in conjunction with the construction, acquisition, or financing of one or more new court facilities.

(d) Except as provided in Section 70374.2, 25 percent of all money collected for the State Court Facilities Construction Fund from any county shall be designated for implementation of trial court projects in that county. The Judicial Council shall determine the local projects after consulting with the trial court in that county and based on the locally approved trial court facilities master plan for that county.

(e) The following provisions shall prevail over provisions of the State Building Construction Act of 1955 (Part 10.6 (commencing with Section 15800) of Division 3 of Title 2) in regard to buildings subject to this section.

(1) The Administrative Office of the Courts shall be responsible for the operation, including, but not limited to, the maintenance and repair, of all court facilities whose title is held by the state. Notwithstanding Section 15807, the operation of buildings under this section shall be the responsibility of the Judicial Council.

(2) Notwithstanding Section 15808.1, the Judicial Council shall have the responsibility for determining whether a building under this act shall be located within or outside of an existing public transit corridor.

(3) The buildings under this section are subject to Section 15814.12 concerning cogeneration and alternative energy sources at the request of, or with the consent of, the Judicial Council. Any building acquired by the state pursuant to this section on or before July 1, 2007, is not subject to subdivision (b) of Section 15814.12 concerning acquiring of cogeneration or alternative energy equipment if the building when acquired, already had cogeneration or alternative energy equipment. Section 15814.17 only applies to buildings to which the Judicial Council has given its consent under subdivision (a) of Section 15814.12.

SEC. 58. Section 70374.2 is added to the Government Code, to read:

70374.2. Notwithstanding subdivision (d) of Section 70374, in order to ensure that funding is available to support the construction of the new court facility projects approved in the Budget Act of 2007, the Judicial Council shall not commit to additional expenditures from the State Court Facilities Construction Fund above the amount appropriated in the Budget Act of 2007 unless the expenditures are replaced with increased funds to the fund.

SEC. 59. 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.

(6) Submission of a plan to the Legislature for the disposition of court facilities transferred to the state, prior to, or as part of, any budget submission to fund a new courthouse that will replace the existing court facilities transferred to the state.

(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. 60. Section 70391.5 is added to the Government Code, to read:
70391.5. (a) The Judicial Council shall develop performance expectations for court facility proposals, including benchmark criteria for total project life-cycle costs, project cost comparisons to traditional delivery and financing options, project risk assessments and allocations, utility and energy conservation requirements that meet or exceed state standards, and court security operations cost controls and reduction goals. The performance expectations and benchmark criteria shall be consistent with Chapter 1016 of the Statutes of 2002, Chapter 488 of the Statutes of 2006, and consistent with all current state building practices.

(b) In reviewing any court facility proposal that includes a public-private partnership component, the Director of Finance shall take into consideration any terms in the proposal that could create long-term funding commitments and how those terms may be structured to minimize risk to the state's credit ratings. Following the approval of any court facility proposal of the Director of Finance, the Judicial Council shall notify the Joint Legislative Budget Committee of the performance expectations and benchmark criteria for the proposal at least 30 days prior to the release of initial solicitation documents for a court facility project. If the Joint Legislative Budget Committee does not express any opposition or concerns, the Judicial Council may proceed with the solicitation 30 days after giving that notice.

SEC. 61. Section 11493 of the Health and Safety Code is amended to read:

11493. There is hereby created in the General Fund the Narcotics Assistance and Relinquishment by Criminal Offender Fund. The fund shall be administered by an advisory committee which shall be appointed by the Attorney General and which shall be comprised of three police chiefs, three sheriffs, two district attorneys, one private citizen, and an official of the Department of Justice who shall serve as the executive officer.

The money in the fund shall be available, upon appropriation by the Legislature, for distribution by the advisory committee to local and state law enforcement agencies in support of general narcotic law enforcement efforts.

SEC. 62. Section 337j of the Penal Code is amended to read:

337j. (a) It is unlawful for any person, as owner, lessee, or employee, whether for hire or not, either solely or in conjunction with others, to do any of the following without having first procured and thereafter maintained in effect all federal, state, and local licenses required by law:

(1) To deal, operate, carry on, conduct, maintain, or expose for play in this state any controlled game.

(2) To receive, directly or indirectly, any compensation or reward or any percentage or share of the revenue, for keeping, running, or carrying on any controlled game.

(3) To manufacture, distribute, or repair any gambling equipment within the boundaries of this state, or to receive, directly or indirectly, any compensation or reward for the manufacture, distribution, or repair of any gambling equipment within the boundaries of this state.

(b) It is unlawful for any person to knowingly permit any controlled game to be conducted, operated, dealt, or carried on in any house or building or other premises that he or she owns or leases, in whole or in part, if that activity is undertaken by a person who is not licensed as required by state law, or by an employee of that person.

(c) It is unlawful for any person to knowingly permit any gambling equipment to be manufactured, stored, or repaired in any house or building or other premises that the person owns or leases, in whole or in part, if that activity is undertaken by a person who is not licensed as required by state law, or by an employee of that person.

(d) Any person who violates, attempts to violate, or conspires to violate this section shall be punished by imprisonment in a county jail for not more than one year or by a fine of not more than ten thousand dollars (\$10,000), or by both imprisonment and fine. A second offense of this section is punishable by imprisonment in a county jail for a period of not more than one year or in the state prison or by a fine of not more than ten thousand dollars (\$10,000), or by both imprisonment and fine.

(e) (1) As used in this section, “controlled game” means any poker or Pai Gow game, and any other game played with cards or tiles, or both, and approved by the Department of Justice, and any game of chance, including any gambling device, played for currency, check, credit, or any other thing of value that is not prohibited and made unlawful by statute or local ordinance.

(2) As used in this section, “controlled game” does not include any of the following:

(A) The game of bingo conducted pursuant to Section 326.5.

(B) Parimutuel racing on horse races regulated by the California Horse Racing Board.

(C) Any lottery game conducted by the California State Lottery.

(D) Games played with cards in private homes or residences, in which no person makes money for operating the game, except as a player.

(f) This subdivision is intended to be dispositive of the law relating to the collection of player fees in gambling establishments. A fee may not be calculated as a fraction or percentage of wagers made or winnings earned. The amount of fees charged for all wagers shall be determined prior to the start of play of any hand or round. However, the gambling establishment may waive collection of the fee or portion of the fee in any hand or round of play after the hand or round has begun pursuant to the published rules of the game and the notice provided to the public. The actual collection of the fee may occur before or after the start of play. Ample notice shall be provided to the patrons of gambling establishments relating to the assessment of fees. Flat fees on each wager may be assessed at different collection rates, but no more than three collection rates may be established per table. However, if the gambling establishment waives its collection fee, this fee does not constitute one of the three collection rates.

SEC. 63. Section 1465.7 of the Penal Code is amended to read:

1465.7. (a) A state surcharge of 20 percent shall be levied on the base fine used to calculate the state penalty assessment as specified in subdivision (a) of Section 1464.

(b) This surcharge shall be in addition to the state penalty assessed pursuant to Section 1464 of the Penal Code and may not be included in the base fine used to calculate the state penalty assessment as specified in subdivision (a) of Section 1464.

(c) After a determination by the court of the amount due, the clerk of the court shall cause the amount of the state surcharge collected to be transmitted to the General Fund.

(d) Notwithstanding Chapter 12 (commencing with Section 76000) of Title 8 of the Government Code and subdivision (b) of Section 68090.8 of the Government Code, the full amount of the surcharge shall be

transmitted to the State Treasury to be deposited in the General Fund. Of the amount collected from the total amount of the fines, penalties, and surcharges imposed, the amount of the surcharge established by this section shall be transmitted to the State Treasury to be deposited in the General Fund.

(e) When any deposited bail is made for an offense to which this section applies, and for which a court appearance is not mandatory, the person making the deposit shall also deposit a sufficient amount to include the surcharge prescribed by this section.

(f) When amounts owed by an offender as a result of a conviction are paid in installment payments, payments shall be credited pursuant to Section 1203.1d. The amount of the surcharge established by this section shall be transmitted to the State Treasury prior to the county retaining or disbursing the remaining amount of the fines, penalties, and forfeitures imposed.

(g) Notwithstanding Sections 40512.6 and 42007 of the Vehicle Code, the term "total bail" as used in subdivision (a) of Section 42007 of the Vehicle Code does not include the surcharge set forth in this section. The surcharge set forth in this section shall be levied on what would have been the base fine had the provisions of Section 42007 not been invoked and the proceeds from the imposition of the surcharge shall be treated as otherwise set forth in this section.

SEC. 64. Section 11102.1 of the Penal Code is amended to read:

11102.1. (a) (1) Notwithstanding any other law, the Department of Justice shall establish, implement, and maintain a certification program to process fingerprint-based criminal background clearances on individuals who roll fingerprint impressions, manually or electronically, for non-law-enforcement purposes. Except as provided in paragraph (2), no person shall roll fingerprints for non-law-enforcement purposes unless certified.

(2) The following persons shall be exempt from this section if they have received training pertaining to applicant fingerprint rolling and have undergone a criminal offender record information background investigation:

(A) Law enforcement personnel and state employees.

(B) Employees of a tribal gaming agency or a tribal gaming operation, provided that the fingerprints are rolled and submitted to the Department of Justice for purposes of compliance with a tribal-state compact.

(3) The department shall not accept fingerprint impressions for non-law-enforcement purposes unless they were rolled by an individual certified or exempted pursuant to this section.

(b) Individuals who roll fingerprint impressions, either manually or electronically, for non-law-enforcement purposes, must submit to the

Department of Justice fingerprint images and related information, along with the appropriate fees and documentation. The department shall retain one copy of the fingerprint impressions to process a state level criminal background clearance, and it shall submit one copy of the fingerprint impressions to the Federal Bureau of Investigation to process a federal level criminal background clearance.

(c) The department shall retain the fingerprint impressions for subsequent arrest notification pursuant to Section 11105.2.

(d) Every individual certified as a fingerprint roller shall meet the following criteria:

- (1) Be a legal resident of this state at the time of certification.
- (2) Be at least 18 years of age.
- (3) Have satisfactorily completed a notarized written application prescribed by the department to determine the fitness of the person to exercise the functions of a fingerprint roller.

(e) Prior to granting a certificate as a fingerprint roller, the department shall determine that the applicant possesses the required honesty, credibility, truthfulness, and integrity to fulfill the responsibilities of the position.

(f) (1) The department shall refuse to certify any individual as a fingerprint roller, and shall revoke the certification of any fingerprint roller, upon either of the following:

- (A) Conviction of a felony offense.
- (B) Conviction of any other offense that both involves moral turpitude, dishonesty, or fraud, and bears on the applicant's ability to perform the duties or responsibilities of a fingerprint roller.

(2) A conviction after a plea of nolo contendere is deemed to be a conviction for purposes of this subdivision.

(g) In addition to subdivision (f), the department may refuse to certify any individual as a fingerprint roller, and may revoke or suspend the certification of any fingerprint roller upon any of the following:

(1) Substantial and material misstatement or omission in the application submitted to the department.

(2) Arrest pending adjudication for a felony.

(3) Arrest pending adjudication for a lesser offense that both involves moral turpitude, dishonesty, or fraud, and bears on the applicant's ability to perform the duties or responsibilities of a fingerprint roller.

(4) Revocation, suspension, restriction, or denial of a professional license, if the revocation, suspension, restriction, or denial was for misconduct, dishonesty, or for any cause substantially related to the duties or responsibilities of a fingerprint roller.

(5) Failure to discharge fully and faithfully any of the duties or responsibilities required of a fingerprint roller.

(6) When adjudged liable for damages in any suit grounded in fraud, misrepresentation, or in violation of the state regulatory laws, or in any suit based upon a failure to discharge fully and faithfully the duties of a fingerprint roller.

(7) Use of false or misleading advertising in which the fingerprint roller has represented that he or she has duties, rights, or privileges that he or she does not possess by law.

(8) Commission of any act involving dishonesty, fraud, or deceit with the intent to substantially benefit the fingerprint roller or another, or to substantially injure another.

(9) Failure to submit any remittance payable upon demand by the department under this section or failure to satisfy any court ordered money judgment, including restitution.

(h) The Department of Justice shall work with applicant regulatory entities to improve and make more efficient the criminal offender record information request process related to employment, licensing, and certification background investigations.

(i) The Department of Justice may adopt regulations as necessary to implement the provisions of this section.

(j) The department shall charge a fee sufficient to cover its costs under this section.

SEC. 65. Section 14027 of the Penal Code is amended to read:

14027. The Attorney General shall issue appropriate guidelines and may adopt regulations to implement this title. These guidelines shall include:

(a) A process whereby state and local agencies shall apply for reimbursement of the costs of providing witness protection services.

(b) A 25-percent match that shall be required of local agencies. The Attorney General may also establish a process through which to waive the required local match when appropriate.

SEC. 66. Section 14031 of the Penal Code is amended to read:

14031. Commencing one year after the effective date of this title, the Attorney General shall make an annual report to the Legislature no later than January 1 on the fiscal and operational status of the program. This report shall include the amount of funding sought by each county, the amount of funding provided to each county, and the amount of the county match.

SEC. 67. 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.

SEC. 68. 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. 69. 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 2007 at the earliest time possible, it is necessary that this act take effect immediately.

CHAPTER 177

An act to amend Section 17706 of, and to add Section 17601 to, the Family Code, to amend Sections 1534, 1569.33, 1597.09, 1597.55a, 11831.2, 11831.5, 11834.03, 11834.15, and 11999.30 of, to amend and renumber Section 11834 of, and to add Chapter 7.3 (commencing with Section 11833.01) to Part 2 of Division 10.5 of, the Health and Safety Code, to amend Sections 366.21, 366.22, 4684, 9102, 9719, 10506, 11320.32, 11367, 11453, 11461, 11462, 11463, 11465, 11466.24, 12201, 12304.4, 14124.93, 16121, 16122, and 16605 of, to add Sections 10534.5, 11466.23, 11466.235, 16121.01, and 18939.5 to, to repeal Article 4.75 (commencing with Section 11380) of Chapter 2 of Part 3 of Division 9 of, to repeal and amend Sections 11363 and 11364 of, and to repeal and add Section 11464 of, the Welfare and Institutions Code, relating to human services, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Section 17601 is added to the Family Code, to read:
17601. The department shall provide to the Legislature actual performance data on child support collections within 60 days of the end of each quarter. This data shall include all comparative data for managing program performance currently provided to local child support agencies, including national, state, and local performance data, as available. The department shall prominently post the data on its Web site, and shall require all local child support agency Web sites to prominently post a link to the state Web site. The department shall update the Legislature

during the annual budget subcommittee hearing process, commencing in 2008, on the state and local progress on child support federal performance measures and collections.

SEC. 2. Section 17706 of the Family Code is amended to read:

17706. (a) It is the intent of the Legislature to encourage counties to elevate the visibility and significance of the child support enforcement program in the county. To advance this goal, effective July 1, 2000, the counties with the 10 best performance standards pursuant to clause (ii) of subparagraph (B) of paragraph (2) of subdivision (b) of Section 17704 shall receive an additional 5 percent of the state's share of those counties' collections that are used to reduce or repay aid that is paid pursuant to Article 6 (commencing with Section 11450) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code. The counties shall use the increased recoupment for child support-related activities that may not be eligible for federal child support funding under Part D of Title IV of the Social Security Act, including, but not limited to, providing services to parents to help them better support their children financially, medically, and emotionally.

(b) The operation of subdivision (a) shall be suspended for the 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years.

SEC. 3. Section 1534 of the Health and Safety Code is amended to read:

1534. (a) (1) Every licensed community care facility shall be subject to unannounced visits by the department. The department shall visit these facilities as often as necessary to ensure the quality of care provided.

(A) The department shall conduct an annual unannounced visit to a facility under any of the following circumstances:

- (i) When a license is on probation.
- (ii) When the terms of agreement in a facility compliance plan require an annual evaluation.
- (iii) When an accusation against a licensee is pending.
- (iv) When a facility requires an annual visit as a condition of receiving federal financial participation.
- (v) In order to verify that a person who has been ordered out of a facility by the department is no longer at the facility.

(B) (i) The department shall conduct annual unannounced visits to no less than 20 percent of facilities not subject to an evaluation under subparagraph (A). These unannounced visits shall be conducted based on a random sampling methodology developed by the department.

(ii) If the total citations issued by the department exceed the previous year's total by 10 percent, the following year the department shall

increase the random sample by an additional 10 percent of the facilities not subject to an evaluation under subparagraph (A). The department may request additional resources to increase the random sample by 10 percent.

(C) Under no circumstance shall the department visit a community care facility less often than once every five years.

(D) In order to facilitate direct contact with group home clients, the department may interview children who are clients of group homes at any public agency or private agency at which the client may be found, including, but not limited to, a juvenile hall, recreation or vocational program, or a nonpublic school. The department shall respect the rights of the child while conducting the interview, including informing the child that he or she has the right not to be interviewed and the right to have another adult present during the interview.

(2) The department shall notify the community care facility in writing of all deficiencies in its compliance with the provisions of this chapter and the rules and regulations adopted pursuant to this chapter, and shall set a reasonable length of time for compliance by the facility.

(3) Reports on the results of each inspection, evaluation, or consultation shall be kept on file in the department, and all inspection reports, consultation reports, lists of deficiencies, and plans of correction shall be open to public inspection in the county in which the facility is located.

(b) (1) Nothing in this section shall limit the authority of the department to inspect or evaluate a licensed foster family agency, a certified family home, or any aspect of a program where a licensed community care facility is certifying compliance with licensing requirements.

(2) Upon a finding of noncompliance by the department, the department may require a foster family agency to deny or revoke the certificate of approval of a certified family home, or take other action the department may deem necessary for the protection of a child placed with the family home. The family home shall be afforded the due process provided pursuant to this chapter.

(3) If the department requires a foster family agency to deny or revoke the certificate of approval, the department shall serve an order of denial or revocation upon the certified or prospective foster parent and foster family agency that shall notify the certified or prospective foster parent of the basis of the department's action and of the certified or prospective foster parent's right to a hearing.

(4) Within 15 days after the department serves an order of denial or revocation, the certified or prospective foster parent may file a written appeal of the department's decision with the department. The

department's action shall be final if the certified or prospective foster parent does not file a written appeal within 15 days after the department serves the denial or revocation order.

(5) The department's order of the denial or revocation of the certificate of approval shall remain in effect until the hearing is completed and the director has made a final determination on the merits.

(6) A certified or prospective foster parent who files a written appeal of the department's order with the department pursuant to this section shall, as part of the written request, provide his or her current mailing address. The certified or prospective foster parent shall subsequently notify the department in writing of any change in mailing address, until the hearing process has been completed or terminated.

(7) Hearings held pursuant to this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Division 3 of Title 2 of the Government Code. In all proceedings conducted in accordance with this section the standard of proof shall be by a preponderance of the evidence.

(8) The department may institute or continue a disciplinary proceeding against a certified or prospective foster parent upon any ground provided by this section, enter an order denying or revoking the certificate of approval, or otherwise take disciplinary action against the certified or prospective foster parent, notwithstanding any resignation, withdrawal of application, surrender of the certificate of approval, or denial or revocation of the certificate of approval by the foster family agency.

(9) A foster family agency's failure to comply with the department's order to deny or revoke the certificate of employment by placing or retaining children in care shall be grounds for disciplining the licensee pursuant to Section 1550.

SEC. 4. Section 1569.33 of the Health and Safety Code is amended to read:

1569.33. (a) Every licensed residential care facility for the elderly shall be subject to unannounced visits by the department. The department shall visit these facilities as often as necessary to ensure the quality of care provided.

(b) The department shall conduct an annual unannounced visit of a facility under any of the following circumstances:

- (1) When a license is on probation.
- (2) When the terms of agreement in a facility compliance plan require an annual evaluation.
- (3) When an accusation against a licensee is pending.
- (4) When a facility requires an annual visit as a condition of receiving federal financial participation.

(5) In order to verify that a person who has been ordered out of the facility for the elderly by the department is no longer at the facility.

(c) (1) The department shall conduct annual unannounced visits to no less than 20 percent of facilities not subject to an evaluation under subdivision (b). These unannounced visits shall be conducted based on a random sampling methodology developed by the department.

(2) If the total citations issued by the department exceed the previous year's total by 10 percent, the following year the department shall increase the random sample by 10 percent of the facilities not subject to an evaluation under subdivision (b). The department may request additional resources to increase the random sample by 10 percent.

(d) Under no circumstance shall the department visit a residential care facility for the elderly less often than once every five years.

(e) The department shall notify the residential care facility for the elderly in writing of all deficiencies in its compliance with the provisions of this chapter and the rules and regulations adopted pursuant to this chapter, and shall set a reasonable length of time for compliance by the facility.

(f) Reports on the results of each inspection, evaluation, or consultation shall be kept on file in the department, and all inspection reports, consultation reports, lists of deficiencies, and plans of correction shall be open to public inspection in the county in which the facility is located.

(g) As a part of the department's annual evaluation process, the department shall review the plan of operation, training logs, and marketing materials of any residential care facility for the elderly that advertises or promotes special care, special programming, or a special environment for persons with dementia to monitor compliance with Sections 1569.626 and 1569.627.

SEC. 5. Section 1597.09 of the Health and Safety Code is amended to read:

1597.09. (a) Each licensed child day care center shall be subject to unannounced visits by the department. The department shall visit these facilities as often as necessary to ensure the quality of care provided.

(b) The department shall conduct an annual unannounced visit to a licensed child day care center under any of the following circumstances:

- (1) When a license is on probation.
- (2) When the terms of agreement in a facility compliance plan require an annual evaluation.
- (3) When an accusation against a licensee is pending.
- (4) In order to verify that a person who has been ordered out of a child day care center by the department is no longer at the facility.

(c) (1) The department shall conduct an annual unannounced visit to no less than 20 percent of facilities not subject to an evaluation under subdivision (b). These unannounced visits shall be conducted based on a random sampling methodology developed by the department.

(2) If the total citations issued by the department exceed the previous year's total by 10 percent, the following year the department shall increase the random sample by 10 percent of facilities not subject to an evaluation under subdivision (b). The department may request additional resources to increase the random sample by 10 percent.

(d) Under no circumstance shall the department visit a licensed child day care center less often than once every five years.

SEC. 6. Section 1597.55a of the Health and Safety Code is amended to read:

1597.55a. Every family day care home shall be subject to unannounced visits by the department as provided in this section. The department shall visit these facilities as often as necessary to ensure the quality of care provided.

(a) The department shall conduct an announced site visit prior to the initial licensing of the applicant.

(b) The department shall conduct an annual unannounced visit to a facility under any of the following circumstances:

(1) When a license is on probation.

(2) When the terms of agreement in a facility compliance plan require an annual evaluation.

(3) When an accusation against a licensee is pending.

(4) In order to verify that a person who has been ordered out of a family day care home by the department is no longer at the facility.

(c) (1) The department shall conduct annual unannounced visits to no less than 20 percent of facilities not subject to an evaluation under subdivision (b). These unannounced visits shall be conducted based on a random sampling methodology developed by the department.

(2) If the total citations issued by the department exceed the previous year's total by 10 percent, the following year the department shall increase the random sample by 10 percent of the facilities not subject to an evaluation under subdivision (b). The department may request additional resources to increase the random sample by 10 percent.

(d) Under no circumstance shall the department visit a licensed family day care home less often than once every five years.

(e) A public agency under contract with the department may make spot checks if it does not result in any cost to the state. However, spot checks shall not be required by the department.

(f) The department or licensing agency shall make an unannounced site visit on the basis of a complaint and a followup visit as provided in Section 1596.853.

(g) An unannounced site visit shall adhere to both of the following conditions:

(1) The visit shall take place only during the facility's normal business hours or at any time family day care services are being provided.

(2) The inspection of the facility shall be limited to those parts of the facility in which family day care services are provided or to which the children have access.

(h) The department shall implement this section during periods that Section 1597.55b is not being implemented in accordance with Section 18285.5 of the Welfare and Institutions Code.

SEC. 7. Section 11831.2 of the Health and Safety Code is amended to read:

11831.2. The department shall charge a fee for the certification of programs, in accordance with Chapter 7.3 (commencing with Section 11833.01).

SEC. 8. Section 11831.5 of the Health and Safety Code is amended to read:

11831.5. (a) Certification shall be granted by the department pursuant to this section to any qualified alcoholism or drug abuse recovery or treatment program, regardless of the source of the program's funding, upon approval of a completed application and payment of the required fee. The certification shall be valid for a period of not more than two years. The department may extend the certification period upon receipt of an application for renewal and payment of the required certification fee prior to the expiration date of the certification.

(b) The purposes of certification under this section shall be all of the following:

(1) To identify programs that exceed minimal levels of service quality, are in substantial compliance with the department's standards, and merit the confidence of the public, third-party payers, and county alcohol and drug programs.

(2) To encourage programs to meet their stated goals and objectives.

(3) To encourage programs to strive for increased quality of service through recognition by the state and by peer programs in the alcoholism and drug field.

(4) To assist programs to identify their needs for technical assistance, training, and program improvements.

(c) Certification may be granted under this section on the basis of evidence satisfactory to the department that the requesting alcoholism or drug abuse recovery or treatment program has an accreditation by a

statewide or national alcohol or drug program accrediting body. The accrediting body shall provide accreditation that meets or exceeds the department's standards and is recognized by the department.

(d) Certification, or the lack thereof, shall not convey any approval or disapproval by the department, but shall be for information purposes only.

(e) The standards developed pursuant to Section 11830 and the certification under this section shall satisfy the requirements of Section 1463.16 of the Penal Code.

(f) The department and the State Department of Social Services shall enter into a memorandum of understanding to establish a process by which the Department of Alcohol and Drug Programs can certify residential facilities or programs serving primarily adolescents, as defined in paragraph (1) of subdivision (a) of Section 1502, that have programs that primarily serve adolescents and provide alcohol and other drug recovery or treatment services.

(g) Regulations adopted by the department pursuant to this section shall be adopted as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and for the purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, including subdivision (e) of Section 11346.1 of the Government Code, any emergency regulations adopted pursuant to this section shall be filed with, but not be repealed by, the Office of Administrative Law and shall remain in effect until revised by the department. Nothing in this subdivision shall be interpreted to prohibit the department from adopting subsequent amendments on a nonemergency basis or as emergency regulations in accordance with the standards set forth in Section 11346.1 of the Government Code.

SEC. 9. Chapter 7.3 (commencing with Section 11833.01) is added to Part 2 of Division 10.5 of the Health and Safety Code, to read:

CHAPTER 7.3. LICENSING AND CERTIFICATION PROGRAM FUNDING

11833.01. This chapter applies to all programs, facilities, or services certified pursuant to Chapter 7 (commencing with Section 11830) or licensed pursuant to Chapter 7.5 (commencing with Section 11834.01), or both.

11833.02. (a) The department shall charge a fee to all programs for licensure or certification by the department, regardless of the form of organization or ownership of the program.

(b) The department may establish fee scales using different capacity levels, categories based on measures other than program capacity, or any other category or classification that the department deems necessary or convenient to maintain an effective and equitable fee structure.

(c) Licensing and certification fees shall be evaluated annually, taking into consideration the overall cost of the residential and outpatient licensing and certification activities of the department, including initial issuance, renewals, complaints, enforcement activity, related litigation, and any other program activity relating to licensure and certification, plus a reasonable reserve.

(d) The department shall submit any proposed new fees or fee changes to the Legislature for approval no later than April 1 of each year as part of the spring finance letter process. No new fees or fee changes shall be implemented without legislative approval.

(e) Unless funds are specifically appropriated from the General Fund in the annual Budget Act or other legislation to support the division, the Licensing and Certification Division, no later than the beginning of the 2010–11 fiscal year, shall be supported entirely by federal funds and special funds.

11833.03. The Residential and Outpatient Program Licensing Fund is hereby established in the State Treasury. All fees, fines, and penalties collected from residential and outpatient programs collected in accordance with this chapter shall be deposited in this fund. The money in the fund shall be available upon appropriation by the Legislature for the purposes of supporting the licensing and certification activities of the department.

11833.04. (a) 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 chapter through all-county letters or similar instructions from the director. The department shall adopt emergency regulations implementing this chapter no later than September 30, 2008, unless the department provides written notification of a delay 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, 2009.

(b) Notwithstanding any other provision of law, the adoption of regulations implementing this chapter shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare.

SEC. 10. Section 11834 of the Health and Safety Code is amended and renumbered to read:

11832.1. The department shall encourage the development of educational courses that provide core knowledge concerning alcohol and drug abuse problems and programs to personnel working within alcohol and drug abuse programs.

SEC. 11. Section 11834.03 of the Health and Safety Code is amended to read:

11834.03. Any person or entity applying for licensure shall file with the department, on forms provided by the department, all of the following:

- (a) A completed written application for licensure.
- (b) A fire clearance approved by the State Fire Marshal or local fire enforcement officer.
- (c) A licensure fee, established in accordance with Chapter 7.3 (commencing with Section 11833.01).

SEC. 12. Section 11834.15 of the Health and Safety Code is amended to read:

11834.15. The department may assess civil penalties in accordance with Sections 11834.31 and 11834.34.

SEC. 13. Section 11999.30 of the Health and Safety Code is amended to read:

11999.30. (a) This division shall be known as the Substance Abuse Offender Treatment Program. Funds distributed under this division shall be used to serve offenders who qualify for services under the Substance Abuse and Crime Prevention Act of 2000, including any amendments thereto. Implementation of this division is subject to an appropriation in the annual Budget Act.

(b) The department shall distribute funds for the Substance Abuse Offender Treatment Program to counties that demonstrate eligibility for the program, including a commitment of county general funds or funds from a source other than the state, which demonstrates eligibility for the program. The department shall establish a methodology for allocating funds under the program, based on the following factors:

- (1) The percentage of offenders ordered to drug treatment that actually begin treatment.

(2) The percentage of offenders ordered to treatment that completed the prescribed course of treatment.

(3) Any other factor determined by the department.

(c) The distribution of funds for this program to each eligible county shall be at a ratio of nine dollars (\$9) for every one dollar (\$1) of eligible county matching funds.

(d) County eligibility for funds under this division shall be determined by the department according to specified criteria, including, but not limited to, all of the following:

(1) The establishment and maintenance of dedicated court calendars with regularly scheduled reviews of treatment progress for persons ordered to drug treatment.

(2) The existence or establishment of a drug court, or a similar approach, and willingness to accept defendants who are likely to be committed to state prison.

(3) The establishment and maintenance of protocols for the use of drug testing to monitor offenders' progress in treatment.

(4) The establishment and maintenance of protocols for assessing offenders' treatment needs and the placement of offenders at the appropriate level of treatment.

(5) The establishment and maintenance of protocols for effective supervision of offenders on probation.

(6) The establishment and maintenance of protocols for enhancing the overall effectiveness of services to eligible parolees.

(e) The department, in its discretion, may limit administrative costs in determining the amount of eligible county match, and may limit the expenditure of funds provided under this division for administrative costs. The department may also require a limitation on the expenditure of funds provided under this division for services other than direct treatment costs, as a condition of receipt of program funds.

(f) To receive funds under this division, a county shall submit an application to the department documenting all of the following:

(1) The county's commitment of funds, as required by subdivision (b).

(2) The county's eligibility, as determined by the criteria set forth in subdivision (d).

(3) The county's plan and commitment to utilize the funds for the purposes of the program, which may include, but are not limited to, all of the following:

(A) Enhancing treatment services for offenders assessed to need them, including residential treatment and narcotic replacement therapy.

(B) Increasing the proportion of sentenced offenders who enter, remain in, and complete treatment, through activities and approaches such as

colocation of services, enhanced supervision of offenders, and enhanced services determined necessary through the use of drug test results.

(C) Reducing delays in the availability of appropriate treatment services.

(D) Use of a drug court or similar model, including dedicated court calendars with regularly scheduled reviews of treatment progress, and strong collaboration by the courts, probation, and treatment.

(E) Developing treatment services that are needed but not available.

(F) Other activities, approaches, and services approved by the department, after consultation with stakeholders.

(g) The department shall audit county expenditures of funds distributed pursuant to this division. Expenditures not made in accordance with this division shall be repaid to the state.

(h) The department shall consult with stakeholders and report during annual budget hearings on additional recommendations for improvement of programs and services, allocation and funding mechanisms, including, but not limited to, competitive approaches, performance-based allocations, and sources of data for measurement.

(i) (1) For the 2006–07 and 2007–08 fiscal years, the department may implement this division by all-county letters or other similar instructions, and need not comply with the rulemaking requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. Commencing with the 2008–09 fiscal year, the department may implement this section by emergency regulations, adopted pursuant to paragraph (2).

(2) Regulations adopted by the department pursuant to this division shall be adopted as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and for the purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, including subdivision (e) of Section 11346.1 of the Government Code, any emergency regulations adopted pursuant to this division shall be filed with, but not be repealed by, the Office of Administrative Law and shall remain in effect until revised by the department. Nothing in this paragraph shall be interpreted to prohibit the department from adopting subsequent amendments on a nonemergency basis or as emergency regulations in accordance with the standards set forth in Section 11346.1 of the Government Code.

SEC. 14. Section 366.21 of the Welfare and Institutions Code is amended to read:

366.21. (a) Every hearing conducted by the juvenile court reviewing the status of a dependent child shall be placed on the appearance calendar. The court shall advise all persons present at the hearing of the date of the future hearing and of their right to be present and represented by counsel.

(b) Except as provided in Sections 294 and 295, notice of the hearing shall be provided pursuant to Section 293.

(c) At least 10 calendar days prior to the hearing, the social worker shall file a supplemental report with the court regarding the services provided or offered to the parent or legal guardian to enable him or her to assume custody and the efforts made to achieve legal permanence for the child if efforts to reunify fail, including, but not limited to, efforts to maintain relationships between a child who is 10 years of age or older and has been in out-of-home placement for six months or longer and individuals who are important to the child, consistent with the child's best interests; the progress made; and, where relevant, the prognosis for return of the child to the physical custody of his or her parent or legal guardian; and shall make his or her recommendation for disposition. If the child is a member of a sibling group described in paragraph (3) of subdivision (a) of Section 361.5, the report and recommendation may also take into account those factors described in subdivision (e) relating to the child's sibling group. If the recommendation is not to return the child to a parent or legal guardian, the report shall specify why the return of the child would be detrimental to the child. The social worker shall provide the parent or legal guardian, counsel for the child, and any court-appointed child advocate with a copy of the report, including his or her recommendation for disposition, at least 10 calendar days prior to the hearing. In the case of a child removed from the physical custody of his or her parent or legal guardian, the social worker shall, at least 10 calendar days prior to the hearing, provide a summary of his or her recommendation for disposition to any foster parents, relative caregivers, and certified foster parents who have been approved for adoption by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency, community care facility, or foster family agency having the physical custody of the child. The social worker shall include a copy of the Judicial Council Caregiver Information Form (JV-290) with the summary of recommendations to the child's foster parents, relative caregivers, or foster parents approved for adoption, in the caregiver's primary language when available, along with information on how to file the form with the court.

(d) Prior to any hearing involving a child in the physical custody of a community care facility or a foster family agency that may result in the return of the child to the physical custody of his or her parent or legal guardian, or in adoption or the creation of a legal guardianship, the facility or agency shall file with the court a report, or a Judicial Council Caregiver Information Form (JV-290), containing its recommendation for disposition. Prior to the hearing involving a child in the physical custody of a foster parent, a relative caregiver, or a certified foster parent who has been approved for adoption by the State Department of Social Services when it is acting as an adoption agency or by a licensed adoption agency, the foster parent, relative caregiver, or the certified foster parent who has been approved for adoption by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency, may file with the court a report containing his or her recommendation for disposition. The court shall consider the report and recommendation filed pursuant to this subdivision prior to determining any disposition.

(e) At the review hearing held six months after the initial dispositional hearing, the court shall order the return of the child to the physical custody of his or her parent or legal guardian unless the court finds, by a preponderance of the evidence, that the return of the child to his or her parent or legal guardian would create a substantial risk of detriment to the safety, protection, or physical or emotional well-being of the child. The social worker shall have the burden of establishing that detriment. At the hearing, the court shall consider the criminal history, obtained pursuant to paragraph (1) of subdivision (f) of Section 16504.5, of the parent or legal guardian subsequent to the child's removal, provided that he or she agreed to submit fingerprint images to obtain criminal history information as part of the case plan. The failure of the parent or legal guardian to participate regularly and make substantive progress in court-ordered treatment programs shall be prima facie evidence that return would be detrimental. In making its determination, the court shall review and consider the social worker's report and recommendations and the report and recommendations of any child advocate appointed pursuant to Section 356.5; and shall consider the efforts or progress, or both, demonstrated by the parent or legal guardian and the extent to which he or she availed himself or herself to services provided.

Whether or not the child is returned to a parent or legal guardian, the court shall specify the factual basis for its conclusion that the return would be detrimental or would not be detrimental. The court also shall make appropriate findings pursuant to subdivision (a) of Section 366; and, where relevant, shall order any additional services reasonably

believed to facilitate the return of the child to the custody of his or her parent or legal guardian. The court shall also inform the parent or legal guardian that if the child cannot be returned home by the 12-month permanency hearing, a proceeding pursuant to Section 366.26 may be instituted. This section does not apply in a case where, pursuant to Section 361.5, the court has ordered that reunification services shall not be provided.

If the child was under the age of three years on the date of the initial removal, or is a member of a sibling group described in paragraph (3) of subdivision (a) of Section 361.5, and the court finds by clear and convincing evidence that the parent failed to participate regularly and make substantive progress in a court-ordered treatment plan, the court may schedule a hearing pursuant to Section 366.26 within 120 days. If, however, the court finds there is a substantial probability that the child, who was under the age of three years on the date of initial removal or is a member of a sibling group described in paragraph (3) of subdivision (a) of Section 361.5, may be returned to his or her parent or legal guardian within six months or that reasonable services have not been provided, the court shall continue the case to the 12-month permanency hearing.

For the purpose of placing and maintaining a sibling group together in a permanent home, the court, in making its determination to schedule a hearing pursuant to Section 366.26 for some or all members of a sibling group, as described in paragraph (3) of subdivision (a) of Section 361.5, shall review and consider the social worker's report and recommendations. Factors the report shall address, and the court shall consider, may include, but need not be limited to, whether the sibling group was removed from parental care as a group, the closeness and strength of the sibling bond, the ages of the siblings, the appropriateness of maintaining the sibling group together, the detriment to the child if sibling ties are not maintained, the likelihood of finding a permanent home for the sibling group, whether the sibling group is currently placed together in a preadoptive home or has a concurrent plan goal of legal permanency in the same home, the wishes of each child whose age and physical and emotional condition permits a meaningful response, and the best interest of each child in the sibling group. The court shall specify the factual basis for its finding that it is in the best interest of each child to schedule a hearing pursuant to Section 366.26 in 120 days for some or all of the members of the sibling group.

If the child was removed initially under subdivision (g) of Section 300 and the court finds by clear and convincing evidence that the whereabouts of the parent are still unknown, or the parent has failed to contact and visit the child, the court may schedule a hearing pursuant to Section 366.26 within 120 days. If the court finds by clear and convincing

evidence that the parent has been convicted of a felony indicating parental unfitness, the court may schedule a hearing pursuant to Section 366.26 within 120 days.

If the child had been placed under court supervision with a previously noncustodial parent pursuant to Section 361.2, the court shall determine whether supervision is still necessary. The court may terminate supervision and transfer permanent custody to that parent, as provided for by paragraph (1) of subdivision (b) of Section 361.2.

In all other cases, the court shall direct that any reunification services previously ordered shall continue to be offered to the parent or legal guardian pursuant to the time periods set forth in subdivision (a) of Section 361.5, provided that the court may modify the terms and conditions of those services.

If the child is not returned to his or her parent or legal guardian, the court shall determine whether reasonable services that were designed to aid the parent or legal guardian in overcoming the problems that led to the initial removal and the continued custody of the child have been provided or offered to the parent or legal guardian. The court shall order that those services be initiated, continued, or terminated.

(f) The permanency hearing shall be held no later than 12 months after the date the child entered foster care, as that date is determined pursuant to subdivision (a) of Section 361.5. At the permanency hearing, the court shall determine the permanent plan for the child, which shall include a determination of whether the child will be returned to the child's home and, if so, when, within the time limits of subdivision (a) of Section 361.5. The court shall order the return of the child to the physical custody of his or her parent or legal guardian unless the court finds, by a preponderance of the evidence, that the return of the child to his or her parent or legal guardian would create a substantial risk of detriment to the safety, protection, or physical or emotional well-being of the child. The social worker shall have the burden of establishing that detriment. At the permanency hearing, the court shall consider the criminal history, obtained pursuant to paragraph (1) of subdivision (f) of Section 16504.5, of the parent or legal guardian subsequent to the child's removal, provided that he or she agreed to submit fingerprint images to obtain criminal history information as part of the case plan. The court shall also determine whether reasonable services that were designed to aid the parent or legal guardian to overcome the problems that led to the initial removal and continued custody of the child have been provided or offered to the parent or legal guardian. For each youth 16 years of age and older, the court shall also determine whether services have been made available to assist him or her in making the transition from foster care to independent living. The failure of the parent or legal

guardian to participate regularly and make substantive progress in court-ordered treatment programs shall be prima facie evidence that return would be detrimental. In making its determination, the court shall review and consider the social worker's report and recommendations and the report and recommendations of any child advocate appointed pursuant to Section 356.5, shall consider the efforts or progress, or both, demonstrated by the parent or legal guardian and the extent to which he or she availed himself or herself of services provided, and shall make appropriate findings pursuant to subdivision (a) of Section 366.

Whether or not the child is returned to his or her parent or legal guardian, the court shall specify the factual basis for its decision. If the child is not returned to a parent or legal guardian, the court shall specify the factual basis for its conclusion that the return would be detrimental. The court also shall make a finding pursuant to subdivision (a) of Section 366.

(g) If the time period in which the court-ordered services were provided has met or exceeded the time period set forth in paragraph (1), (2), or (3) of subdivision (a) of Section 361.5, as appropriate, and a child is not returned to the custody of a parent or legal guardian at the permanency hearing held pursuant to subdivision (f), the court shall do one of the following:

(1) Continue the case for up to six months for a permanency review hearing, provided that the hearing shall occur within 18 months of the date the child was originally taken from the physical custody of his or her parent or legal guardian. The court shall continue the case only if it finds that there is a substantial probability that the child will be returned to the physical custody of his or her parent or legal guardian and safely maintained in the home within the extended period of time or that reasonable services have not been provided to the parent or legal guardian. For the purposes of this section, in order to find a substantial probability that the child will be returned to the physical custody of his or her parent or legal guardian and safely maintained in the home within the extended period of time, the court shall be required to find all of the following:

(A) That the parent or legal guardian has consistently and regularly contacted and visited with the child.

(B) That the parent or legal guardian has made significant progress in resolving problems that led to the child's removal from the home.

(C) The parent or legal guardian has demonstrated the capacity and ability both to complete the objectives of his or her treatment plan and to provide for the child's safety, protection, physical and emotional well-being, and special needs.

For purposes of this subdivision, the court's decision to continue the case based on a finding or substantial probability that the child will be returned to the physical custody of his or her parent or legal guardian is a compelling reason for determining that a hearing held pursuant to Section 366.26 is not in the best interests of the child.

The court shall inform the parent or legal guardian that if the child cannot be returned home by the next permanency review hearing, a proceeding pursuant to Section 366.26 may be instituted. The court may not order that a hearing pursuant to Section 366.26 be held unless there is clear and convincing evidence that reasonable services have been provided or offered to the parent or legal guardian.

(2) Order that a hearing be held within 120 days, pursuant to Section 366.26, but only if the court does not continue the case to the permanency planning review hearing and there is clear and convincing evidence that reasonable services have been provided or offered to the parents or legal guardians.

(3) Order that the child remain in long-term foster care, but only if the court finds by clear and convincing evidence, based upon the evidence already presented to it, including a recommendation by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency, that there is a compelling reason for determining that a hearing held pursuant to Section 366.26 is not in the best interest of the child because the child is not a proper subject for adoption and has no one willing to accept legal guardianship. For purposes of this section, a recommendation by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency that adoption is not in the best interest of the child shall constitute a compelling reason for the court's determination. That recommendation shall be based on the present circumstances of the child and may not preclude a different recommendation at a later date if the child's circumstances change.

If the court orders that a child who is 10 years of age or older remain in long-term foster care, the court shall determine whether the agency has made reasonable efforts to maintain the child's relationships with individuals other than the child's siblings who are important to the child, consistent with the child's best interests, and may make any appropriate order to ensure that those relationships are maintained.

(h) In any case in which the court orders that a hearing pursuant to Section 366.26 shall be held, it shall also order the termination of reunification services to the parent or legal guardian. The court shall continue to permit the parent or legal guardian to visit the child pending

the hearing unless it finds that visitation would be detrimental to the child. The court shall make any other appropriate orders to enable the child to maintain relationships with individuals, other than the child's siblings, who are important to the child, consistent with the child's best interests.

(i) Whenever a court orders that a hearing pursuant to Section 366.26 shall be held, it shall direct the agency supervising the child and the licensed county adoption agency, or the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency, to prepare an assessment that shall include:

(1) Current search efforts for an absent parent or parents or legal guardians.

(2) A review of the amount of and nature of any contact between the child and his or her parents or legal guardians and other members of his or her extended family since the time of placement. Although the extended family of each child shall be reviewed on a case-by-case basis, "extended family" for the purpose of this paragraph shall include, but not be limited to, the child's siblings, grandparents, aunts, and uncles.

(3) An evaluation of the child's medical, developmental, scholastic, mental, and emotional status.

(4) A preliminary assessment of the eligibility and commitment of any identified prospective adoptive parent or legal guardian, particularly the caretaker, to include a social history including screening for criminal records and prior referrals for child abuse or neglect, the capability to meet the child's needs, and the understanding of the legal and financial rights and responsibilities of adoption and guardianship. If a proposed guardian is a relative of the minor, and the relative was assessed for foster care placement of the minor prior to January 1, 1998, the assessment shall also consider, but need not be limited to, all of the factors specified in subdivision (a) of Section 361.3.

(5) The relationship of the child to any identified prospective adoptive parent or legal guardian, the duration and character of the relationship, the motivation for seeking adoption or guardianship, and a statement from the child concerning placement and the adoption or guardianship, unless the child's age or physical, emotional, or other condition precludes his or her meaningful response, and if so, a description of the condition.

(6) A description of efforts to be made to identify a prospective adoptive parent or legal guardian, including, but not limited to, child-specific recruitment and listing on an adoption exchange.

(7) An analysis of the likelihood that the child will be adopted if parental rights are terminated.

(j) If, at any hearing held pursuant to Section 366.26, a guardianship is established for the minor with a relative, and juvenile court dependency is subsequently dismissed, the relative shall be eligible for aid under the Kin-GAP Program, as provided for in Article 4.5 (commencing with Section 11360) of Chapter 2 of Part 3 of Division 9.

(k) As used in this section, “relative” means an adult who is related to the minor by blood, adoption, or affinity within the fifth degree of kinship, including stepparents, stepsiblings, and all relatives whose status is preceded by the words “great,” “great-great,” or “grand,” or the spouse of any of those persons even if the marriage was terminated by death or dissolution.

(l) For purposes of this section, evidence of any of the following circumstances may not, in and of itself, be deemed a failure to provide or offer reasonable services:

(1) The child has been placed with a foster family that is eligible to adopt a child, or has been placed in a preadoptive home.

(2) The case plan includes services to make and finalize a permanent placement for the child if efforts to reunify fail.

(3) Services to make and finalize a permanent placement for the child, if efforts to reunify fail, are provided concurrently with services to reunify the family.

(m) The implementation and operation of the amendments to subdivisions (c) and (g) enacted at the 2005–06 Regular Session shall be subject to appropriation through the budget process and by phase, as provided in Section 366.35.

SEC. 15. Section 366.22 of the Welfare and Institutions Code is amended to read:

366.22. (a) When a case has been continued pursuant to paragraph (1) of subdivision (g) of Section 366.21, the permanency review hearing shall occur within 18 months after the date the child was originally removed from the physical custody of his or her parent or legal guardian. The court shall order the return of the child to the physical custody of his or her parent or legal guardian unless the court finds, by a preponderance of the evidence, that the return of the child to his or her parent or legal guardian would create a substantial risk of detriment to the safety, protection, or physical or emotional well-being of the child. The social worker shall have the burden of establishing that detriment. At the permanency review hearing, the court shall consider the criminal history, obtained pursuant to paragraph (1) of subdivision (f) of Section 16504.5, of the parent or legal guardian subsequent to the child’s removal, provided that he or she agreed to submit fingerprint images to obtain criminal history information as part of the case plan. The failure of the parent or legal guardian to participate regularly and make substantive

progress in court-ordered treatment programs shall be prima facie evidence that return would be detrimental. In making its determination, the court shall review and consider the social worker's report and recommendations and the report and recommendations of any child advocate appointed pursuant to Section 356.5; shall consider the efforts or progress, or both, demonstrated by the parent or legal guardian and the extent to which he or she availed himself or herself of services provided; and shall make appropriate findings pursuant to subdivision (a) of Section 366.

Whether or not the child is returned to his or her parent or legal guardian, the court shall specify the factual basis for its decision. If the child is not returned to a parent or legal guardian, the court shall specify the factual basis for its conclusion that return would be detrimental.

If the child is not returned to a parent or legal guardian at the permanency review hearing, the court shall order that a hearing be held pursuant to Section 366.26 in order to determine whether adoption, guardianship, or long-term foster care is the most appropriate plan for the child. However, if the court finds by clear and convincing evidence, based on the evidence already presented to it, including a recommendation by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency, that there is a compelling reason, as described in paragraph (2) of subdivision (g) of Section 366.21, for determining that a hearing held under Section 366.26 is not in the best interest of the child because the child is not a proper subject for adoption and has no one willing to accept legal guardianship, then the court may, only under these circumstances, order that the child remain in foster care. If the court orders that a child who is 10 years of age or older remain in long-term foster care, the court shall determine whether the agency has made reasonable efforts to maintain the child's relationships with individuals other than the child's siblings who are important to the child, consistent with the child's best interests, and may make any appropriate order to ensure that those relationships are maintained. The hearing shall be held no later than 120 days from the date of the permanency review hearing. The court shall also order termination of reunification services to the parent or legal guardian. The court shall continue to permit the parent or legal guardian to visit the child unless it finds that visitation would be detrimental to the child. The court shall determine whether reasonable services have been offered or provided to the parent or legal guardian. For purposes of this subdivision, evidence of any of the following circumstances shall not, in and of themselves, be deemed a failure to provide or offer reasonable services:

(1) The child has been placed with a foster family that is eligible to adopt a child, or has been placed in a preadoptive home.

(2) The case plan includes services to make and finalize a permanent placement for the child if efforts to reunify fail.

(3) Services to make and finalize a permanent placement for the child, if efforts to reunify fail, are provided concurrently with services to reunify the family.

(b) Whenever a court orders that a hearing pursuant to Section 366.26 shall be held, it shall direct the agency supervising the child and the licensed county adoption agency, or the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency, to prepare an assessment that shall include:

(1) Current search efforts for an absent parent or parents.

(2) A review of the amount of and nature of any contact between the child and his or her parents and other members of his or her extended family since the time of placement. Although the extended family of each child shall be reviewed on a case-by-case basis, "extended family" for the purposes of this paragraph shall include, but not be limited to, the child's siblings, grandparents, aunts, and uncles.

(3) An evaluation of the child's medical, developmental, scholastic, mental, and emotional status.

(4) A preliminary assessment of the eligibility and commitment of any identified prospective adoptive parent or legal guardian, particularly the caretaker, to include a social history including screening for criminal records and prior referrals for child abuse or neglect, the capability to meet the child's needs, and the understanding of the legal and financial rights and responsibilities of adoption and guardianship. If a proposed legal guardian is a relative of the minor, and the relative was assessed for foster care placement of the minor prior to January 1, 1998, the assessment shall also consider, but need not be limited to, all of the factors specified in subdivision (a) of Section 361.3.

(5) The relationship of the child to any identified prospective adoptive parent or legal guardian, the duration and character of the relationship, the motivation for seeking adoption or legal guardianship, and a statement from the child concerning placement and the adoption or legal guardianship, unless the child's age or physical, emotional, or other condition precludes his or her meaningful response, and if so, a description of the condition.

(6) An analysis of the likelihood that the child will be adopted if parental rights are terminated.

(c) This section shall become operative January 1, 1999. If at any hearing held pursuant to Section 366.26, a legal guardianship is

established for the minor with a relative, and juvenile court dependency is subsequently dismissed, the relative shall be eligible for aid under the Kin-GAP Program, as provided for in Article 4.5 (commencing with Section 11360) of Chapter 2 of Part 3 of Division 9.

(d) As used in this section, “relative” means an adult who is related to the child by blood, adoption, or affinity within the fifth degree of kinship, including stepparents, stepsiblings, and all relatives whose status is preceded by the words “great,” “great-great,” or “grand,” or the spouse of any of those persons even if the marriage was terminated by death or dissolution.

(e) The implementation and operation of the amendments to subdivision (a) enacted at the 2005–06 Regular Session shall be subject to appropriation through the budget process and by phase, as provided in Section 366.35.

SEC. 15.5. Section 4684 of the Welfare and Institutions Code is amended to read:

4684. (a) Notwithstanding any other provision of law, the cost of providing 24-hour out-of-home nonmedical care and supervision in community care facilities licensed or approved pursuant to Chapter 3 (commencing with Section 1500) of Division 2 of the Health and Safety Code shall be funded by the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program pursuant to Section 11464, for children who are both AFDC-FC recipients and regional center consumers.

(b) The cost of providing adoption assistance benefits, shall be funded by the Adoption Assistance Program (AAP) under Section 16121, for children who are both AAP recipients and regional center consumers.

(c) (1) For regional center consumers who are recipients of AFDC-FC benefits, regional centers shall purchase or secure the services that are contained in the child’s Individualized Family Service Plan (IFSP) or Individual Program Plan (IPP), but which are not allowable under federal or state AFDC-FC provisions.

(2) For regional center consumers who are recipients of AAP benefits, regional centers shall purchase or secure the services that are contained in the child’s IFSP or IPP.

(3) For regional center consumers receiving services under paragraph (1) or (2), these services shall be separately purchased or secured by the regional center, pursuant to Sections 4646 to 4648, inclusive, and Section 4685, and pursuant to Sections 95018 and 95020 of the Government Code. AFDC-FC and AAP benefits shall not be counted toward the gross income calculated for the purposes of the Family Cost Participation Program pursuant to Section 4783. Recipients of AFDC-FC benefits

shall not be subject to the Family Cost Participation Program requirements.

(4) Regional centers shall accept referrals for evaluations of AFDC-FC-eligible children and children receiving AAP benefits for the purpose of determining eligibility for regional center services, pursuant to Section 4642. Regional centers shall assist county welfare and probation departments in identifying appropriate placement resources for children who are recipients of AFDC-FC and who are eligible for regional center services.

(d) (1) For purposes of this section, children who are recipients of AFDC-FC and regional center services who are residing with a relative or nonrelative extended family member pursuant to paragraph (2) of subdivision (f) of Section 319 or Section 362.7, or a facility defined in paragraph (5) or (6) of subdivision (a) of Section 1502 of the Health and Safety Code that is not vendored by the regional center as a residential facility, shall not be prohibited from receiving services defined in paragraph (38) of subdivision (a) of Section 54302 of Title 22 of the California Code of Regulations.

(2) AFDC-FC and AAP benefits shall be for care and supervision, as defined in subdivision (b) of Section 11460, and the regional centers shall separately purchase or secure other services contained in the child's IFSP or IPP pursuant to Section 4646 to 4648, inclusive, Section 4685, and Sections 95018 and 95020 of the Government Code. Notwithstanding any other provision of law or regulation, the receipt of AFDC-FC or AAP benefits shall not be cause to deny any other services that a child or family for which the child or family is otherwise eligible pursuant to this division.

(e) This section shall apply to all recipients of AFDC-FC and AAP benefits, including those with rates established prior to the effective date of the act that adds this subdivision, pursuant to Sections 11464 and 16121.

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

SEC. 16. 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.

(e) The report required by subdivision (d) shall be suspended until the 2010–11 fiscal year. In lieu of that information, the department shall submit to the budget, fiscal, and policy committees of the Legislature, and the Legislative Analyst, by March 1 of each year, copies of the program factsheets for each state and federal program administered by the department. The department shall update the information included in the program factsheets annually, before submitting them as required by this subdivision.

SEC. 17. Section 9719 of the Welfare and Institutions Code is amended to read:

9719. (a) (1) The office shall sponsor a meeting of representatives of approved organizations at least twice each year. The office shall provide training to these representatives as appropriate. Prior to the certification of an ombudsman by the office, individuals shall meet both of the following requirements:

(A) Have a criminal offender record clearance conducted by the State Department of Social Services. A clearance pursuant to Section 1569.17

of the Health and Safety Code shall constitute clearances for the purpose of entry to any long-term care facility.

(B) Have received a minimum of 36 hours of classroom training approved by the office.

(2) Upon receipt of an applicant's criminal record clearance and acceptance by the office, the California Department of Aging shall issue a card identifying the bearer as a certified ombudsman. Each ombudsman shall receive a minimum of 12 hours of additional training annually.

(b) (1) Beginning July 1, 2007, the California Department of Aging shall contract with the State Department of Social Services to conduct a criminal offender record information search, pursuant to Section 1569.17 of the Health and Safety Code, for each applicant seeking certification as an ombudsman. The State Department of Social Services shall notify the individual and the office of the individual's clearance or denial.

(2) Within a reasonable time after July 1, 2007, the office shall seek the clearance of each ombudsman already certified or designated as of July 1, 2007.

(3) An applicant for certification as an ombudsman and any currently certified or designated ombudsman shall not be responsible for any costs associated with transmitting the fingerprint images and related information or conducting criminal record clearances.

(c) Nothing in this section shall be construed to prohibit the Department of Justice from assessing a fee pursuant to Section 11105 of the Penal Code to cover the cost of searching for or furnishing summary criminal offender record information.

SEC. 18. Section 10506 of the Welfare and Institutions Code is amended 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, 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.

(j) The Department of Rehabilitation shall submit assumptions and an estimate of case services expenditures for the Vocational Rehabilitation (VR) program specifically detailing the VR supported employment and work activity elements in accordance with this part, except that assumptions shall be submitted only annually, on or before March 1, and an estimate of expenditures shall be submitted only annually, on or before April 20, to the Department of Finance. The departmental assumptions and the departmental estimate of expenditures shall be forwarded annually, on or before May 14, to the Joint Legislative Budget Committee, and to the health and human services policy committees and fiscal committees of the Legislature, if this information has not been released earlier by the Department of Finance.

SEC. 19. Section 10534.5 is added to the Welfare and Institutions Code, to read:

10534.5. (a) The department shall review the county plans developed pursuant to Section 10534 in order to identify promising practices in the areas of upfront engagement and reengagement of sanctioned families, and shall work with the County Welfare Directors Association (CWDA) and county welfare directors to gather information on implementation and results of these practices, that can inform future efforts to increase participation in welfare-to-work activities.

(b) The department, in conjunction with the CWDA, shall review the county plans and work with county welfare directors and the CWDA to determine what activities and strategies that counties are using to encourage participation among time-limited families, and gather information about the characteristics of the time-limited population.

(c) The department shall provide a written update to the Legislature on March 1, 2008, of the information required by subdivisions (a) and (b) that is gathered by that date. The department shall provide the final report of the information required by subdivisions (a) and (b) to the

Legislature and county welfare directors, on or before September 1, 2008.

SEC. 20. Section 11320.32 of the Welfare and Institutions Code is amended to read:

11320.32. (a) The department shall administer a voluntary Temporary Assistance Program (TAP) for current and future CalWORKs recipients who meet the exemption criteria for work participation activities set forth in Section 11320.3, and are not single parents who have a child under the age of one year. Temporary Assistance Program recipients shall be entitled to the same assistance payments and other benefits as recipients under the CalWORKs program. The purpose of this program is to provide cash assistance and other benefits to eligible families without any federal restrictions or requirements and without any adverse impact on recipients. The Temporary Assistance Program shall commence no later than April 1, 2009.

(b) CalWORKs recipients who meet the exemption criteria for work participation activities set forth in subdivision (b) of Section 11320.3, and are not single parents with a child under the age of one year, shall have the option of receiving grant payments, child care, and transportation services from the Temporary Assistance Program. The department shall notify all CalWORKs recipients and applicants meeting the exemption criteria specified in subdivision (b) of Section 11320.3, except for single parents with a child under the age of one year, of their option to receive benefits under the Temporary Assistance Program. Absent written indication that these recipients or applicants choose not to receive assistance from the Temporary Assistance Program, the department shall enroll CalWORKs recipients and applicants into the program. However, exempt volunteers shall remain in the CalWORKs program unless they affirmatively indicate, in writing, their interest in enrolling in the Temporary Assistance Program. A Temporary Assistance Program recipient who no longer meets the exemption criteria set forth in Section 11320.3 shall be enrolled in the CalWORKs program.

(c) Funding for grant payments, child care, transportation, and eligibility determination activities for families receiving benefits under the Temporary Assistance Program shall be funded with General Fund resources that do not count toward the state's maintenance of effort requirements under clause (i) of subparagraph (B) of paragraph (7) of subdivision (a) of Section 609 of Title 42 of the United States Code, up to the caseload level equivalent to the amount of funding provided for this purpose in the annual Budget Act.

(d) It is the intent of the Legislature that recipients shall have and maintain access to the hardship exemption and the services necessary to begin and increase participation in welfare-to-work activities,

regardless of their county of origin, and that the number of recipients exempt under subdivision (b) of Section 11320.3 not significantly increase due to factors other than changes in caseload characteristics. All relevant state law applicable to CalWORKs recipients shall also apply to families funded under this section. Nothing in this section modifies the criteria for exemption in Section 11320.3.

(e) To the extent that this section is inconsistent with federal regulations regarding implementation of the Deficit Reduction Act of 2005, the department may amend the funding structure for exempt families to ensure consistency with these regulations, not later than 30 days after providing written notification to the chair of the Joint Legislative Budget Committee and the chairs of the appropriate policy and fiscal committees of the Legislature.

SEC. 21. Section 11363 of the Welfare and Institutions Code, as amended by Section 29.31 of Chapter 75 of the Statutes of 2006, is repealed.

SEC. 22. Section 11363 of the Welfare and Institutions Code, as amended by Section 3 of Chapter 528 of the Statutes of 2006, is amended to read:

11363. (a) Aid in the form of Kin-GAP shall be provided under this article on behalf of any child under 18 years of age who meets all of the following conditions:

(1) Has been adjudged a dependent child of the juvenile court pursuant to Section 300, or, effective October 1, 2006, a ward of the juvenile court pursuant to Section 601 or 602.

(2) Has been living with a relative for at least 12 consecutive months.

(3) Has had a kinship guardianship with that relative established as the result of the implementation of a permanent plan pursuant to Section 366.26.

(4) Has had his or her dependency dismissed after January 1, 2000, pursuant to Section 366.3, or his or her wardship terminated pursuant to subdivision (e) of Section 728, concurrently or subsequently to the establishment of the kinship guardianship.

(b) Kin-GAP payments shall continue after the child's 18th birthday if the conditions specified in Section 11403 are met.

(c) Termination of the guardianship with a kinship guardian shall terminate eligibility for Kin-GAP; provided, however, that if an alternate guardian or coguardian is appointed pursuant to Section 366.3 who is also a kinship guardian, the alternate or coguardian shall be entitled to receive Kin-GAP on behalf of the child pursuant to this article. A new period of 12 months of placement with the alternate guardian or coguardian shall not be required if that alternate guardian or coguardian

has been assessed pursuant to Section 361.3 and the court terminates dependency jurisdiction.

SEC. 23. Section 11364 of the Welfare and Institutions Code, as amended by Section 29.4 of Chapter 75 of the Statutes of 2006, is repealed.

SEC. 24. Section 11364 of the Welfare and Institutions Code, as added by Section 29.5 of Chapter 75 of the Statutes of 2006, is amended to read:

11364. Notwithstanding subdivision (a) of Section 11450, the rate paid on behalf of children eligible for a Kin-GAP payment shall equal 100 percent of the rate for children placed in a licensed or approved home as specified in subdivisions (a) to (d), inclusive, of Section 11461. In addition, effective October 1, 2006, the rate paid for a child eligible for a Kin-GAP payment shall be increased by an amount equal to the clothing allowances, as set forth in subdivision (f) of Section 11461, to which the child would have been entitled while in foster care, including any applicable rate adjustments. In addition, effective October 1, 2006, if a child, while in foster care, received a specialized care increment, immediately prior to his or her enrollment in the Kin-GAP Program, as defined in paragraph (1) of subdivision (e) of Section 11461, the Kin-GAP rate shall be adjusted by the specialized care increment amount, including any applicable rate adjustments.

SEC. 25. Section 11367 of the Welfare and Institutions Code is amended to read:

11367. Kin-GAP, in an amount equal to the applicable regional per-child CalWORKs grant, shall be paid by the state. The supplemental clothing allowance shall be paid pursuant to paragraph (5) of subdivision (f) of Section 11461. The balance of Kin-GAP shall be paid in equal portions by the state and the counties. Notwithstanding Section 11216, effective July 1, 2006, the state share of benefits and administration of the Kin-GAP Program shall be funded with General Fund resources.

SEC. 26. Article 4.75 (commencing with Section 11380) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code is repealed.

SEC. 27. 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
	<hr/>
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.

(5) 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 benefits under this chapter for the 2007–08 fiscal year.

(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. 28. Section 11461 of the Welfare and Institutions Code is amended to read:

11461. (a) For children placed in a licensed or approved family home with a capacity of six or less, or in an approved home of a relative or nonrelated legal guardian, or the approved home of a nonrelative extended family member as described in Section 362.7, the per child per month rates in the following schedule shall be in effect for the period July 1, 1989, through December 31, 1989:

Age	Basic rate
0–4.....	\$ 294
5–8.....	319
9–11.....	340
12–14.....	378
15–20.....	412

(b) (1) Any county that, as of October 1, 1989, has in effect a basic rate that is at the levels set forth in the schedule in subdivision (a), shall continue to receive state participation, as specified in subdivision (c) of Section 15200, at these levels.

(2) Any county that, as of October 1, 1989, has in effect a basic rate that exceeds a level set forth in the schedule in subdivision (a), shall continue to receive the same level of state participation as it received on October 1, 1989.

(c) The amounts in the schedule of basic rates in subdivision (a) shall be adjusted as follows:

(1) Effective January 1, 1990, the amounts in the schedule of basic rates in subdivision (a) shall be increased by 12 percent.

(2) Effective May 1, 1990, any county that did not increase the basic rate by 12 percent on January 1, 1990, shall do both of the following:

(A) Increase the basic rate in effect December 31, 1989, for which state participation is received by 12 percent.

(B) Increase the basic rate, as adjusted pursuant to subparagraph (A) by an additional 5 percent.

(3) (A) Except as provided in subparagraph (B), effective July 1, 1990, for the 1990–91 fiscal year, the amounts in the schedule of basic rates in subdivision (a) shall be increased by an additional 5 percent.

(B) The rate increase required by subparagraph (A) shall not be applied to rates increased May 1, 1990, pursuant to paragraph (2).

(4) Effective July 1, 1998, the amounts in the schedule of basic rates in subdivision (a) shall be increased by 6 percent. Notwithstanding any other provision of law, the 6-percent increase provided for in this paragraph shall, retroactive to July 1, 1998, apply to every county, including any county to which paragraph (2) of subdivision (b) applies, and shall apply to foster care for every age group.

(5) Notwithstanding any other provision of law, any increase that takes effect after July 1, 1998, shall apply to every county, including any county to which paragraph (2) of subdivision (b) applies, and shall apply to foster care for every age group.

(6) The increase in the basic foster family home rate shall apply only to children placed in a licensed foster family home receiving the basic rate or in an approved home of a relative or nonrelative extended family member, as described in Section 362.7 or nonrelated legal guardian receiving the basic rate. The increased rate shall not be used to compute the monthly amount that may be paid to licensed foster family agencies for the placement of children in certified foster homes.

(d) (1) (A) Beginning with the 1991–92 fiscal year, the schedule of basic rates in subdivision (a) shall be adjusted by the percentage changes in the California Necessities Index, computed pursuant to the methodology described in Section 11453, subject to the availability of funds.

(B) In addition to the adjustment in subparagraph (A) effective January 1, 2000, the schedule of basic rates in subdivision (a) shall be increased by 2.36 percent rounded to the nearest dollar.

(C) Effective January 1, 2008, the schedule of basic rates in subdivision (a), as adjusted pursuant to subparagraph (B), shall be increased by 5 percent, rounded to the nearest dollar. The increased rate shall not be used to compute the monthly amount that may be paid to licensed foster family agencies for the placement of children in certified foster family homes, and shall not be used to recompute the foster care maintenance payment that would have been paid based on the age-related, state-approved foster family home care rate and any applicable specialized care increment, for any adoption assistance agreement entered into prior to October 1, 1992, or in any subsequent reassessment for adoption assistance agreements executed before January 1, 2008.

(2) (A) Any county that, as of the 1991–92 fiscal year, receives state participation for a basic rate that exceeds the amount set forth in the

schedule of basic rates in subdivision (a) shall receive an increase each year in state participation for that basic rate of one-half of the percentage adjustments specified in paragraph (1) until the difference between the county's adjusted state participation level for its basic rate and the adjusted schedule of basic rates is eliminated.

(B) Notwithstanding subparagraph (A), all counties for the 1999–2000 fiscal year and the 2007–08 fiscal year shall receive an increase in state participation for the basic rate of the entire percentage adjustment described in paragraph (1).

(3) If a county has, after receiving the adjustments specified in paragraph (2), a state participation level for a basic rate that is below the amount set forth in the adjusted schedule of basic rates for that fiscal year, the state participation level for that rate shall be further increased to the amount specified in the adjusted schedule of basic rates.

(e) (1) As used in this section, “specialized care increment” means an approved amount paid with state participation on behalf of an AFDC-FC child requiring specialized care to a home listed in subdivision (a) in addition to the basic rate. On the effective date of this section, the department shall continue and maintain the current ratesetting system for specialized care.

(2) Any county that, as of the effective date of this section, has in effect specialized care increments that have been approved by the department, shall continue to receive state participation for those payments.

(3) Any county that, as of the effective date of this section, has in effect specialized care increments that exceed the amounts that have been approved by the department, shall continue to receive the same level of state participation as it received on the effective date of this section.

(4) (A) Except for subparagraph (B), beginning January 1, 1990, specialized care increments shall be adjusted in accordance with the methodology for the schedule of basic rates described in subdivision (c) and (d). No county shall receive state participation for any increases in a specialized care increment which exceeds the adjustments made in accordance with this methodology.

(B) Notwithstanding subdivision (e) of Section 11460, for the 1993–94 fiscal year, an amount equal to 5 percent of the State Treasury appropriation for family homes shall be added to the total augmentation for the AFDC-FC program in order to provide incentives and assistance to counties in the area of specialized care. This appropriation shall be used, but not limited to, encouraging counties to implement or expand specialized care payment systems, to recruit and train foster parents for the placement of children with specialized care needs, and to develop

county systems to encourage the placement of children in family homes. It is the intent of the Legislature that in the use of these funds, federal financial participation shall be claimed whenever possible.

(f) (1) As used in this section, “clothing allowance” means the amount paid with state participation in addition to the basic rate for the provision of additional clothing for an AFDC-FC child, including, but not limited to, an initial supply of clothing and school or other uniforms.

(2) Any county that, as of the effective date of this section, has in effect clothing allowances, shall continue to receive the same level as it received on the effective date of this section.

(3) (A) Commencing in the 2007–08 fiscal year, for children whose foster care payment is the responsibility of Colusa, Plumas, and Tehama Counties, the amount of the clothing allowance may be up to two hundred seventy-four dollars (\$274) per child per year.

(B) Each county listed in subparagraph (A) that elects to receive the clothing allowance shall submit a Clothing Allowance Program Notification to the department within 60 days after the effective date of the act that adds this paragraph.

(C) The Clothing Allowance Program Notification shall identify the specific amounts to be paid and the disbursement schedule for these clothing allowance payments.

(4) Beginning January 1, 1990, except as provided in paragraph (5), clothing allowances shall be adjusted annually in accordance with the methodology for the schedule of basic rates described in subdivision (c) and (d). No county shall be reimbursed for any increases in clothing allowances which exceed the adjustments made in accordance with this methodology.

(5) For the 2000–01 fiscal year and each fiscal year thereafter, without a county share of cost, notwithstanding subdivision (c) of Section 15200, each child shall be entitled to receive a supplemental clothing allowance of one hundred dollars (\$100) per year subject to the availability of funds. The clothing allowance shall be used to supplement, and not supplant, the clothing allowance specified in paragraph (1).

SEC. 29. 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, 2005–06, 2006–07, and 2007–08 fiscal years is:

Rate	Point Ranges	FY 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, and 2007-08 Standard Rate
Classification Level		
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, 2005–06, 2006–07, and 2007–08 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	Adjusted Point Ranges for the 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, and 2007-08 Fiscal Years
Level	
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
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, 2005–06, 2006–07, and 2007–08 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.

(4) Effective January 1, 2008, the amount included in the standard rate for each RCL for the wages for staff providing child care and supervision or performing social work activities, or both, shall be increased by 5 percent, and the amount included for the payroll taxes and other employer-paid benefits for these staff shall be increased from 20.325 percent to 24 percent. The standard rate for each RCL shall be recomputed using these adjusted amounts, and the resulting rates shall constitute the new standardized schedule of rates.

(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. 30. Section 11463 of the Welfare and Institutions Code is amended to read:

11463. (a) (1) The department, with the advice, assistance, and cooperation of the counties and foster care providers, shall develop, implement, and maintain a ratesetting system for foster family agencies.

(2) No county shall be reimbursed for any percentage increases in payments, made on behalf of AFDC-FC funded children who are placed with foster family agencies, that exceed the percentage cost-of-living increase provided in any fiscal year beginning on January 1, 1990, as specified in subdivision (c) of Section 11461.

(b) The department shall develop regulations specifying the purposes, types, and services of foster family agencies, including the use of those agencies for the provision of emergency shelter care. A distinction, for ratesetting purposes, shall be drawn between foster family agencies that provide treatment of children in foster families and those that provide nontreatment services.

(c) The department shall develop and maintain regulations specifying the procedure for the appeal of department decisions about the setting of an agency's rate.

(d) On and after July 1, 1998, the schedule of rates, and the components used in the rate calculations specified in the department's regulations, for foster family agencies shall be increased by 6 percent, rounded to the nearest dollar. The resultant amounts shall constitute the new schedule of rates for foster family agencies.

(e) (1) On and after July 1, 1999, the schedule of rates and the components used in the rate calculations specified in the department's

regulations for foster family agencies shall be adjusted by an amount equal to the California Necessities Index computed pursuant to Section 11453, rounded to the nearest dollar, subject to the availability of funds. The resultant amounts shall constitute the new schedule of rates for foster family agencies, subject to further adjustment pursuant to paragraph (2).

(2) In addition to the adjustment specified in paragraph (1), commencing January 1, 2000, the schedule of rates and the components used in the rate calculations specified in the department's regulations for foster family agencies shall be increased by 2.36 percent, rounded to the nearest dollar. The resultant amounts shall constitute the new schedule of rates for foster family agencies.

(f) For the 1999–2000 fiscal year, foster family agency rates that are not determined by the schedule of rates set forth in the department's regulations, shall be increased by the same percentage as provided in subdivision (e).

(g) For the 2000–01 fiscal year and each fiscal year thereafter, without a county share of cost, notwithstanding subdivision (c) of Section 15200, the foster family agency rate shall be supplemented by one hundred dollars (\$100) for clothing per year per child in care, subject to the availability of funds. The supplemental payment shall be used to supplement, and shall not be used to supplant, any clothing allowance paid in addition to the foster family agency rate.

(h) In addition to the adjustment made pursuant to subdivision (e), the component for social work activities in the rate calculation specified in the department's regulations for foster family agencies shall be increased by 10 percent, effective January 1, 2001. This additional funding shall be used by foster family agencies solely to supplement staffing, salaries, wages, and benefit levels of staff performing social work activities. The schedule of rates shall be recomputed using the adjusted amount for social work activities. The resultant amounts shall constitute the new schedule of rates for foster family agencies. The department may require a foster family agency receiving this additional funding to certify that the funding was utilized in accordance with the provisions of this section.

(i) The increased rate provided by subparagraph (C) of paragraph (1) of subdivision (d) of Section 11461 shall not be used to compute the monthly amount that may be paid to licensed foster family agencies for the placement of children in certified foster homes.

(j) (1) The department shall determine, consistent with the requirements of this section and other relevant requirements under law, the rate category for each foster family agency on a biennial basis. Submission of the biennial rate application shall be according to a schedule determined by the department.

(2) The department shall adopt regulations to implement this subdivision. The adoption, amendment, repeal, or readoption of a regulation authorized by this subdivision 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.

SEC. 30.5. Section 11464 of the Welfare and Institutions Code is repealed.

SEC. 30.7. Section 11464 is added to the Welfare and Institutions Code, to read:

11464. (a) The Legislature finds and declares all of the following:

(1) Children who are consumers of regional center services and also receiving Aid to Families with Dependent Children-Foster Care (AFDC-FC) or Adoption Assistance Program (AAP) benefits have special needs that can require care and supervision beyond that typically provided to children in foster care. Clarifying the roles of the child welfare and developmental disabilities services systems will ensure that these children receive the services and support they need in a timely manner and encourage the successful adoption of these children, where appropriate.

(2) To address the extraordinary care and supervision needs of children who are consumers of regional center services and also receiving AFDC-FC or AAP benefits, it is necessary to provide a rate for care and supervision of these children that is higher than the average rate they would otherwise receive through the foster care system and higher than the rate other children with medical and other significant special needs receive.

(3) Despite the enhanced rate provided in this section, some children who are consumers of regional center services and also receiving AFDC-FC or AAP benefits may have care and supervision needs that are so extraordinary that they cannot be addressed within that rate. In these limited circumstances, a process should be established whereby a supplement may be provided in addition to the enhanced rate.

(4) Children who receive rates pursuant to this section shall be afforded the same due process rights as all children who apply for AFDC-FC and AAP benefits pursuant to Section 10950.

(b) Rates for children who are both regional center consumers and recipients of AFDC-FC benefits under this chapter shall be determined as provided in Section 4684 and this section.

(c) (1) The rate to be paid for 24-hour out-of-home care and supervision provided to children who are both consumers of regional center services pursuant to subdivision (d) of Section 4512 and recipients

of AFDC-FC benefits under this chapter shall be two thousand six dollars (\$2,006) per child per month.

(2) (A) The county, at its sole discretion, may authorize a supplement of up to one thousand dollars (\$1,000) to the rate for children three years of age and older, if it determines the child has the need for extraordinary care and supervision that cannot be met within the rate established pursuant to paragraph (1). The State Department of Social Services and the State Department of Developmental Services, in consultation with stakeholders representing county child welfare agencies, regional centers, and children who are both consumers of regional center services and recipients of AFDC-FC or AAP benefits, shall develop objective criteria to be used by counties in determining eligibility for and the level of the supplements provided pursuant to this paragraph. The State Department of Social Services shall issue an all-county letter to implement these criteria within 120 days of the effective date of this act. The criteria shall take into account the extent to which the child has any of the following:

- (i) Severe impairment in physical coordination and mobility.
- (ii) Severe deficits in self-help skills.
- (iii) Severely disruptive or self-injurious behavior.
- (iv) A severe medical condition.

(B) The caregiver may request the supplement described in subparagraph (A) directly or upon referral by a regional center. Referral by a regional center shall not create the presumption of eligibility for the supplement.

(C) When assessing a request for the supplement, the county shall seek information from the consumer's regional center to assist in the assessment. The county shall issue a determination of eligibility for the supplement within 90 days of receipt of the request. The county shall report to the State Department of Social Services the number and level of rate supplements issued pursuant to this paragraph.

(d) (1) The rate to be paid for 24-hour out-of-home care and supervision provided for children who are receiving services under the California Early Start Intervention Services Act, are not yet determined by their regional center to have a developmental disability, as defined in subdivisions (a) and (l) of Section 4512, and are receiving AFDC-FC benefits under this chapter, shall be eight hundred ninety-eight dollars (\$898) per child per month. If a regional center subsequently determines that the child is an individual with a developmental disability as that term is defined by subdivisions (a) and (l) of Section 4512, the rate to be paid from the date of that determination shall be consistent with subdivision (c).

(2) The rates to be paid for 24-hour out-of-home nonmedical care and supervision for children who are recipients of AFDC-FC and consumers

of regional center services from a community care facility licensed pursuant to Chapter 3 (commencing with Section 1500) of Division 2 of the Health and Safety Code and vendored by a regional center pursuant to Section 56004 of Title 17 of the California Code of Regulations, shall be the facility rate established by the State Department of Developmental Services.

(e) Rates paid pursuant to this section are subject to all of the following requirements:

(1) The rates paid to the foster care provider under subdivision (c) and paragraph (1) of subdivision (d) are only for the care and supervision of the child, as defined in subdivision (b) of Section 11460 and shall not be applicable to facilities described in paragraph (2) of subdivision (d).

(2) Regional centers shall separately purchase or secure the services that are contained in the child's Individualized Family Service Plan (IFSP) or Individual Program Plan (IPP), pursuant to Section 4684.

(3) In the event that the schedule of basic foster care rates, as specified in Section 11461, is increased on or after July 1, 2008, the rates in subdivisions (c), (d), and (f) shall be similarly adjusted. No county shall be reimbursed for any increase in this rate that exceeds the adjustments made in accordance with this methodology.

(f) (1) The AFDC-FC rates paid on behalf of a regional center consumer who is a recipient of AFDC-FC prior to July 1, 2007, shall remain in effect unless a change in the placement warrants redetermination of the rate or if the child is no longer AFDC-FC eligible. However, AFDC-FC rates paid on behalf of these children that are lower than the rates specified in paragraph (1) of subdivision (c) or paragraph (1) of subdivision (d), respectively, shall be increased as appropriate to the amount set forth in paragraph (1) of subdivision (c) or paragraph (1) of subdivision (d), effective July 1, 2007, and shall remain in effect unless a change in the placement or a change in AFDC-FC eligibility of the child warrants redetermination of the rate.

(2) For a child who is receiving AFDC-FC benefits or for whom a foster care eligibility determination is pending, and for whom an eligibility determination for regional center services pursuant to subdivision (a) of Section 4512 is pending or approved, and for whom, prior to July 1, 2007, a State Department of Developmental Services facility rate determination request has been made and is pending, the rate shall be the State Department of Developmental Services facility rate determined by the regional center through an individualized assessment, or the rate established in paragraph (1) of subdivision (c), whichever is greater. The rate shall remain in effect until the child is no longer eligible to receive AFDC-FC, or, if still AFDC-FC eligible, is found ineligible for regional center services as an individual described

in subdivision (a) of Section 4512. Other than the circumstances described in this section, regional centers shall not establish facility rates for AFDC-FC purposes.

(g) (1) The department shall adopt emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and for the purposes of that chapter, including Section 11349.6 of the Government Code, on or before July 1, 2009.

(2) The adoption of regulations pursuant to paragraph (1) shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, safety, and general welfare. The regulations authorized by this subdivision shall remain in effect for no more than 180 days, by which time final regulations shall be adopted.

(h) (1) The State Department of Social Services and the State Department of Developmental Services shall provide to the Joint Legislative Budget Committee, on a semiannual basis, the data set forth in paragraph (2) to facilitate Legislative review of the outcomes of the changes made by the addition of this section and the amendments made to Sections 4684 and 16121 by the act adding this section. The first report shall be submitted on October 1, 2007, with subsequent reports submitted on March 1 and October 1 of each year.

(2) The following data shall be provided pursuant to this subdivision:

(A) The number of, and services provided to, children who are consumers of regional center services and who are receiving AAP or AFDC-FC, broken out by children receiving the amount pursuant to paragraph (1) of subdivision (c), the amount pursuant to paragraph (1) of subdivision (d), and the level of supplement pursuant to subparagraph (A) of paragraph (2) of subdivision (c).

(B) A comparison of services provided to these children and similar children who are regional center consumers who do not receive AFDC-FC or AAP benefits, broken out by children receiving the amount pursuant to paragraph (1) of subdivision (c), the amount pursuant to paragraph (1) of subdivision (d), and the level of supplement pursuant to subparagraph (A) of paragraph (2) of subdivision (c).

(C) The number and nature of appeals filed regarding services provided or secured by regional centers for these children, consistent with Section 4714, broken out by children receiving the amount pursuant to paragraph (1) of subdivision (c), the amount pursuant to paragraph (1) of subdivision (d), and the level of supplement pursuant to subparagraph (A) of paragraph (2) of subdivision (c).

(D) The number of these children who are adopted before and after the act adding this section, broken out by children receiving the amount pursuant to paragraph (1) of subdivision (c), the amount pursuant to

paragraph (1) of subdivision (d), and the level of supplement pursuant to subparagraph (A) of paragraph (2) of subdivision (c).

(E) The number and levels of supplements requested pursuant to subparagraph (B) of paragraph (2) of subdivision (c).

(F) The number of appeals requested of the decision by counties to deny the request for the supplement pursuant to subparagraph (A) of paragraph (2) of subdivision (c).

(G) The total number and levels of supplements authorized pursuant to subparagraph (A) of paragraph (2) of subdivision (c) and the number of these supplements authorized upon appeal.

SEC. 31. Section 11465 of the Welfare and Institutions Code is amended to read:

11465. (a) When a child is living with a parent who receives AFDC-FC or Kin-GAP benefits, the rate paid to the provider on behalf of the parent shall include an amount for care and supervision of the child.

(b) For each category of eligible licensed community care facility, as defined in Section 1502 of the Health and Safety Code, the department shall adopt regulations setting forth a uniform rate to cover the cost of care and supervision of the child in each category of eligible licensed community care facility.

(c) (1) On and after July 1, 1998, the uniform rate to cover the cost of care and supervision of a child pursuant to this section shall be increased by 6 percent, rounded to the nearest dollar. The resultant amounts shall constitute the new uniform rate.

(2) (A) On and after July 1, 1999, the uniform rate to cover the cost of care and supervision of a child pursuant to this section shall be adjusted by an amount equal to the California Necessities Index computed pursuant to Section 11453, rounded to the nearest dollar. The resultant amounts shall constitute the new uniform rate, subject to further adjustment pursuant to subparagraph (B).

(B) In addition to the adjustment specified in subparagraph (A), on and after January 1, 2000, the uniform rate to cover the cost of care and supervision of a child pursuant to this section shall be increased by 2.36 percent, rounded to the nearest dollar. The resultant amounts shall constitute the new uniform rate.

(3) Subject to the availability of funds, for the 2000–01 fiscal year and annually thereafter, these rates shall be adjusted for cost of living pursuant to procedures in Section 11453.

(4) On and after January 1, 2008, the uniform rate to cover the cost of care and supervision of a child pursuant to this section shall be increased by 5 percent, rounded to the nearest dollar. The resulting amount shall constitute the new uniform rate.

(d) (1) Notwithstanding subdivisions (a) to (c), inclusive, the payment made pursuant to this section for care and supervision of a child who is living with a teen parent in a whole family foster home, as defined in subdivision (u) of Section 11400, shall equal the basic rate for children placed in a licensed or approved home as specified in subdivisions (a) to (d), inclusive, of Section 11461.

(2) The caregiver shall provide the county child welfare agency or probation department with a copy of the shared responsibility plan developed pursuant to Section 16501.25 and shall advise the county child welfare agency or probation department of any subsequent changes to the plan. Once the plan has been completed and provided to the appropriate agencies, the payment made pursuant to this section shall be increased by an additional two hundred dollars (\$200) per month to reflect the increased care and supervision while he or she is placed in the whole family foster home.

(3) In any year in which the payment provided pursuant to this section is adjusted for the cost of living as provided in paragraph (1) of subdivision (c), the payments provided for in this subdivision shall also be increased by the same procedures.

SEC. 32. Section 11466.23 is added to the Welfare and Institutions Code, to read:

11466.23. (a) It is the intent of the Legislature to comply with the federal requirements of the Improper Payments Act of 2002 with respect to the remittance of the federal share of foster care overpayments.

(b) For the purposes of this section, a federal foster care or adoption assistance overpayment is defined as any amount of aid paid to which a foster care provider or adoption assistance recipient was not entitled, including any overpayment identified by a foster care provider as described in Section 11400, or federal Adoption Assistance Program recipient as described in Chapter 2.1 (commencing with Section 16115) of Part 4.

(c) Counties shall be required to remit the appropriate amount of federal funds upon identification of the overpayment, following the completion of due process.

(1) Counties shall not be required to repay the overpayment when any of the following occurs:

(A) The amount is legally uncollectible, including any amount legally uncollectible pursuant to Section 11466.24.

(B) The cost of collection exceeds the overpayment.

(C) The foster family agency or group home is no longer in business or licensed by the department.

(2) Remittance of overpayments of federal AFDC-FC funds and federal AAP funds not excluded by paragraph (1) shall be shared by the

state and the counties based on a 40 percent state, 60 percent county sharing ratio. Upon actual collection of any overpayments from providers or recipients, the county shall ensure that the total amount reimbursed to the state reflects the federal and state share of the overpayment costs, as specified. All overpayments of federal AFDC-FC funds and federal AAP funds included in paragraph (1) shall be repaid completely with state funds.

(3) Nothing in this section shall inhibit existing county authority to collect overpayments.

(4) Nothing in this section shall inhibit existing county responsibility to remit voluntary overpayments upon collection.

(d) (1) The department shall adopt regulations to implement this section by December 31, 2008. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department, in consultation and coordination with the County Welfare Directors Association, may adopt emergency regulations to implement this section.

(2) The adoption of emergency regulations pursuant to subdivision (a) 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 final regulations shall be adopted.

(e) The department may only require counties to remit payment of the federal share for overpayments upon identification that occur on or after the effective date of regulations adopted pursuant to this section.

SEC. 33. Section 11466.235 is added to the Welfare and Institutions Code, to read:

11466.235. (a) The department, in consultation and coordination with the County Welfare Directors Association (CWDA), shall update existing regulations and establish new regulations where lacking for the identification, determination, tracking, notification, and collection of foster care and adoption assistance overpayments by county agencies to foster care providers or adoption assistance recipients, and shall specify the required actions of county agencies, as appropriate, to recoup overpayments. In addition, the department, in consultation with the CWDA, shall develop specific processes to implement collection and repayment of overpaid federal AFDC-FC funds, including the development of a Notice of Action (NOA), due process procedures, voluntary repayment procedures, involuntary repayment procedures, and the accrual of interest. It is the intent of the Legislature that the recovery of unauthorized funds is done in a manner that does not

jeopardize overall availability of placements for foster or adoptive children or the best interests of the foster or adoptive child.

(b) (1) No later than October 1, 2007, the department shall implement a process to obtain all necessary state approvals of advanced planning documents for counties to implement automated solutions designed to minimize overpayments, and to submit the documents to the appropriate federal authority within 30 days of original submission by the county to the state. The process shall include a template to be used by counties for expedited state and federal approval of advanced planning documents designed to minimize overpayments.

(2) No later than December 31, 2007, the department shall implement a process for counties to obtain, at no charge, all necessary data from the Child Welfare Services Case Management System (CWS/CMS) to implement automated solutions designed to minimize overpayments, such as the system used by Alameda County, or a similar solution. The department shall notify the budget committees of the Legislature and the CWDA by October 1, 2007, if the department believes that the extract of this data could jeopardize the structural and data integrity of the information within the CWS/CMS. The department shall work with CWDA to mitigate these risks, if found.

(c) (1) The department shall modify existing regulations and adopt new regulations to implement this section by December 31, 2008. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department, in consultation with the CWDA, may adopt emergency regulations to implement this section.

(2) The adoption of emergency regulations pursuant to paragraph (1) 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 final regulations shall be adopted.

SEC. 34. Section 11466.24 of the Welfare and Institutions Code is amended to read:

11466.24. (a) In accordance with this section, a county shall collect an overpayment, discovered on or after January 1, 1999, made to a foster family home, an approved home of a relative, an approved home of a nonrelative extended family member, or an approved home of a nonrelative legal guardian, for any period of time in which the foster child was not cared for in that home, unless any of the following conditions exist, in which case a county shall not collect the overpayment:

(1) The cost of the collection exceeds that amount of the overpayment that is likely to be recovered by the county. The cost of collecting the overpayment and the likelihood of collection shall be documented by the county. Costs that the county shall consider when determining the cost-effectiveness to collect are total administrative, personnel, legal filing fee, and investigative costs, and any other applicable costs.

(2) The child was temporarily removed from the home and payment was owed to the provider to maintain the child's placement, or the child was temporarily absent from the provider's home, or on runaway status and subsequently returned, and payment was made to the provider to meet the child's needs.

(3) The overpayment was exclusively the result of a county administrative error or both the county welfare department and the provider were unaware of the information that would establish that the foster child was not eligible for foster care benefits.

(4) The provider did not have knowledge of, and did not contribute to, the cause of the overpayment.

(b) (1) After notification by a county of an overpayment to a foster family home, an approved home of a relative or a nonrelative extended family member, or an approved home of a nonrelative legal guardian, and a demand letter for repayment, the foster parent, approved relative, or approved nonrelative legal guardian may request the county welfare department to review the overpayment determination in an informal hearing, or may file with the department a request for a hearing to appeal the overpayment determination. Requesting an informal hearing shall not preclude a payee from seeking a formal hearing at a later date. The county welfare department shall dismiss the overpayment repayment request if it determines the action to be incorrect through an initial review prior to a state hearing, or through a review in an informal hearing held at the request of the foster parent, relative, or nonrelative legal guardian.

(2) If an informal hearing does not result in the dismissal of the overpayment, or a formal appeal hearing is not requested, or on the 30th day following a formal appeal hearing decision, whichever is later, the foster family provider overpayment shall be sustained for collection purposes.

(3) The department shall adopt regulations that ensure that the best interests of the child shall be the primary concern of the county welfare director in any repayment agreement.

(c) (1) The department shall develop regulations for recovery of overpayments made to any foster family home, approved home of a relative, or approved home of a nonrelative legal guardian. The regulations shall prioritize collection methods, that shall include voluntary repayment agreement procedures and involuntary overpayment collection

procedures. These procedures shall take into account the amount of the overpayment and a minimum required payment amount.

(2) A county shall not collect an overpayment through the use of an involuntary payment agreement unless a foster family home, an approved home of a relative, or an approved home of a nonrelative legal guardian has rejected the offer of a voluntary overpayment agreement, or has failed to comply with the terms of the voluntary overpayment agreement.

(3) A county shall not be permitted to collect an overpayment through the offset of payments due to a foster family home, an approved home of a relative, or an approved home of a nonrelative legal guardian unless this method of repayment is requested by the provider in a voluntary repayment agreement, or other circumstances defined by the department by regulation.

(d) If a provider is successful in its appeal of a collected overpayment, it shall be repaid the collected overpayment plus simple interest based on the Surplus Money Investment Fund.

(e) A county may not collect interest on the repayment of an overpayment.

(f) There shall be a one-year statute of limitations from the date upon which the county determined that there was an overpayment.

SEC. 34.5. 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.....	<hr/> \$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.

(g) (1) Commencing with the 2008 calendar year and in each calendar year thereafter, the annual adjustment required by this section shall be effective June 1 through May 31 of the following calendar year.

(2) Notwithstanding paragraph (1), the pass along of federal benefits provided for in Section 12201.05 shall be effective on January 1 of each calendar year.

SEC. 35. Section 12304.4 of the Welfare and Institutions Code is amended to read:

12304.4. (a) The department shall establish a program of direct deposit by electronic transfer for payments to in-home supportive services providers. A provider may choose to receive payments via direct deposit at his or her option. The department, the Controller, and the California Health and Human Services Agency shall make all necessary automation changes to allow for payment by direct deposit.

(b) On or before March 31, 2008, the department shall complete those items pertaining to the implementation of direct deposit over which they have independent control, or those items that do not depend on ongoing coordination with the office of the Controller in order to be completed. Examples of these items include, but are not limited to, rulemaking Case Management Information and Payroll Systems (CMIPS) modifications, provider notifications, and all-county letters. The department and the office of the Controller shall cooperate fully on coordination, implementation, and testing, on a timeframe that shall not delay implementation of the project. Notwithstanding any other provision of law, direct deposit for in-home supportive services providers shall be implemented on or before June 30, 2008.

(c) Notwithstanding any other provision of law, a person entitled to the receipt of direct payment as an individual provider pursuant to Section 12302.2 for providing in-home supportive services may authorize payment to be directly deposited by electronic fund transfer into the

person's account at the financial institution of his or her choice under a program for direct deposit by electronic transfer established by the department.

SEC. 36. Section 14124.93 of the Welfare and Institutions Code is amended to read:

14124.93. (a) The Department of Child Support Services shall provide payments to the local child support agency of fifty dollars (\$50) per case for obtaining third-party health coverage or insurance of beneficiaries, to the extent that funds are appropriated in the annual Budget Act.

(b) A county shall be eligible for a payment if the county obtains third-party health coverage or insurance for applicants or recipients of Title IV-D services not previously covered, or for whom coverage has lapsed, and the county provides all required information on a form approved by both the Department of Child Support Services and the State Department of Health Care Services.

(c) Payments to the local child support agency under this section shall be suspended for the 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years.

SEC. 36.5. Section 16121 of the Welfare and Institutions Code is amended to read:

16121. (a) In accordance with the adoption assistance agreement, the adoptive family shall be paid an amount of aid based on the child's needs otherwise covered in AFDC-FC payments and the circumstance of the adopting parents but that shall not exceed the foster care maintenance payment that would have been paid based on the age related state-approved foster family home care rate, and any applicable specialized care increment, for a child placed in a licensed or approved family home pursuant to subdivisions (a) to (d), inclusive, of Section 11461.

(b) Payment may be made on behalf of an otherwise eligible child in a state-approved group home or residential care treatment facility if the department or county responsible for determining payment has confirmed that the placement is necessary for the temporary resolution of mental or emotional problems related to a condition that existed prior to the adoptive placement. Out-of-home placements shall be in accordance with the applicable provisions of Chapter 3 (commencing with Section 1500) of Division 2 of the Health and Safety Code and other applicable statutes and regulations governing eligibility for AFDC-FC payments for placements in in-state and out-of-state facilities. The designation of the placement facility shall be made after consultation with the family by the department or county welfare agency responsible for determining the Adoption Assistance Program (AAP) eligibility and authorizing

financial aid. Group home or residential placement shall only be made as part of a plan for return of the child to the adoptive family, that shall actively participate in the plan. Adoption Assistance Program benefits shall not be authorized for payment of an eligible child's group home or residential treatment facility placement that exceeds an 18-month cumulative period of time for a specific episode or condition justifying that placement.

(c) (1) Payments on behalf of a child who is a recipient of AAP benefits who is also a consumer of regional center services shall be based on the rates established by the State Department of Social Services pursuant to Section 11464 and subject to the process described in paragraph (1) of subdivision (d) of Section 16119.

(2) (A) Except as provided for in subparagraph (B), this subdivision shall apply to adoption assistance agreements signed on or after July 1, 2007.

(B) Rates paid on behalf of regional center consumers who are recipients of AAP benefits and for whom an adoption assistance agreement was executed before July 1, 2007, shall remain in effect, and may only be changed in accordance with Section 16119.

(i) If the rates paid pursuant to adoption assistance agreements executed before July 1, 2007, are lower than the rates specified in paragraph (1) of subdivision (c) or paragraph (1) of subdivision (d) of Section 11464, respectively, those rates shall be increased, as appropriate and in accordance Section 16119, to the amount set forth in paragraph (1) of subdivision (c) or paragraph (1) of subdivision (d) of Section 11464, effective July 1, 2007. Once set, the rates shall remain in effect and may only be changed in accordance with Section 16119.

(ii) For purposes of this clause, for a child who is a recipient of AAP benefits or for whom the execution of an AAP agreement is pending, and who has been deemed eligible for or has sought an eligibility determination for regional center services pursuant to subdivision (a) of Section 4512, and for whom a determination of eligibility for those regional center services has been made, and for whom, prior to July 1, 2007, a maximum rate determination has been requested and is pending, the rate shall be determined through an individualized assessment and pursuant to subparagraph (C) of paragraph (1) of subdivision (c) of Section 35333 of Title 22 of the California Code of Regulations as in effect on January 1, 2007, or the rate established in subdivision (b) of Section 11464, whichever is greater. Once the rate has been set, it shall remain in effect and may only be changed in accordance with Section 16119. Other than the circumstances described in this clause, regional centers shall not make maximum rate benefit determinations for the AAP.

(3) Regional centers shall separately purchase or secure the services contained in the child's IFSP or IPP, pursuant to Section 4684.

(4) Regulations adopted by the department pursuant to this subdivision shall be adopted as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 or the Government Code, and for the purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. The regulations authorized by this paragraph shall remain in effect for no more than 180 days, by which time final regulations shall be adopted.

(d) (1) In the event that a family signs an adoption assistance agreement where a cash benefit is not awarded, the adopting family shall be otherwise eligible to receive Medi-Cal benefits for the child if it is determined that the benefits are needed pursuant to this chapter.

(2) Regional centers shall separately purchase or secure the services that are contained in the child's Individualized Family Service Plan (IFSP) or Individual Program Plan (IPP) pursuant to Section 4684.

(e) Subdivisions (a), (b), and (d) shall apply only to adoption assistance agreements signed on or after October 1, 1992.

(f) This section shall supersede the requirements of subparagraph (C) of paragraph (1) of Section 35333 of Title 22 of the California Code of Regulations.

SEC. 37. Section 16121.01 is added to the Welfare and Institutions Code, to read:

16121.01. Notwithstanding any other provision of law, the amount of aid to be paid to an adoptive family for any adoption assistance agreement executed prior to October 1, 1992, or the foster care maintenance payment based on the age-related, state-approved foster family home care rate and any applicable specialized care increment that would have been paid to an adoptive family for an adoption assistance agreement executed prior to January 1, 2008, shall not be adjusted pursuant to the rate increase specified in subparagraph (C) of paragraph (1) of subdivision (d) of Section 11461 in any subsequent reassessment on or after January 1, 2008.

SEC. 38. Section 16122 of the Welfare and Institutions Code is amended to read:

16122. (a) It is the intent of the Legislature in enacting this chapter to provide children who would otherwise remain in long-term foster care with permanent adoptive homes. It is also the intent of this Legislature to encourage private adoption agencies to continue placing these children,

and in so doing, to achieve a substantial savings to the state in foster care costs.

(b) From any funds appropriated for this purpose, the state shall compensate private adoption agencies licensed pursuant to Chapter 3 (commencing with Section 1500) of Division 2 of the Health and Safety Code for costs of placing for adoption children eligible for Adoption Assistance Program benefits pursuant to Section 16120.

These agencies shall be compensated for otherwise unreimbursed costs for the placement of these children in an amount not to exceed a total of three thousand five hundred dollars (\$3,500) per child adopted. Half of the compensation shall be paid at the time the adoptive placement agreement is signed. The remainder shall be paid at the time the adoption petition is granted by the court. Requests for compensation shall conform to claims procedures established by the department. This section shall not be construed to authorize reimbursement to private agencies for intercountry adoption services.

(c) Effective July 1, 1999, the maximum amount of reimbursement pursuant to subdivision (b) shall be five thousand dollars (\$5,000).

(d) Effective February 1, 2008, the maximum amount of reimbursement pursuant to subdivision (b) shall be ten thousand dollars (\$10,000). This rate increase shall apply only to those cases for which the adoptive home study approval occurred on or after July 1, 2007.

(e) Commencing with the budget subcommittee hearings for the 2008–09 fiscal year, the State Department of Social Services shall review the reimbursement methodology for the program and annually provide information to the fiscal committees of the Legislature on all of the following:

(1) The costs and savings, to the extent that these can be assessed, associated with increasing the reimbursement rate.

(2) Outcome data, including the increased number of adoptive placements and finalized adoptions, and how these outcomes compare to prior years.

(3) The progress toward earning federal adoption incentives.

(4) The number of new agencies participating in the placement of children pursuant to this section.

SEC. 39. Section 16605 of the Welfare and Institutions Code is amended to read:

16605. (a) The department shall, subject to the availability of funds appropriated therefor, conduct a Kinship Support Services Program that is a grants-in-aid program providing startup and expansion funds for local kinship support services programs that provide community-based family support services to relative caregivers and the children placed in their homes by the juvenile court or who are at risk of dependency or

delinquency. Relatives with children in voluntary placements may access services, at the discretion of the county.

(b) The Kinship Support Services Program shall create a public-private partnership. A combination of federal, state, county, and private sector resources shall finance the establishment and ongoing operation of the program.

(c) The counties that elect to participate in the program shall meet the following conditions and requirements:

(1) Have a demonstrated capacity for collaboration and interagency coordination.

(2) Have a viable plan for ongoing financial support of the local kinship support services program.

(3) Utilize relative caregivers as employees of the program.

(4) Have strong and viable public or private agencies to operate the program.

(5) Provide to the department the number of relative caretakers residing in the county, and the projected number of relative caretakers to be served.

(6) Describe how the county will develop and maintain the necessary community supports.

(7) Outline the county's outcome improvement goals for the program. These goals shall include, but shall not be limited to, moving children out of foster care and into the Kinship Guardian Assistance Payment Program (Kin-GAP), or adoption, placement stability, and preventing children from entering foster care. The county shall also agree to measure and report data regarding the Kinship Support Services Program, as required by the department.

(d) The Kinship Support Services Program shall demonstrate the use of supportive services provided to relative caregivers and children placed in their homes using a community-based kinship support services model. This model shall provide services to relative caregivers that are aimed at helping to ensure permanent family kinship placements for children who have been placed with them by the juvenile court, and to provide family support services that will eliminate the need for juvenile court jurisdiction and the provision of services by the county welfare department.

(e) The program shall provide family support services appropriate for the target populations. These services may include, but are not limited to, the following:

(1) Assessment and case management.

(2) Social services referral and intervention aimed at maintaining the kinship family unit, for example, housing, homemaker services, respite care, legal services, and day care.

(3) Transportation for medical care and educational and recreational activities.

(4) Information and referral services.

(5) Individual and group counseling in the area of parent-child relationships and group conflict.

(6) Counseling and referral services aimed at promoting permanency, including kinship adoption and guardianship.

(7) Tutoring and mentoring.

(f) The Edgewood Center for Children and Families in San Francisco or any other appropriate agency or individual approved by the department in consultation with the Statewide Kinship Advisory Committee shall provide technical assistance to the Kinship Support Services Program and shall facilitate the sharing of information and resources among the local programs.

SEC. 40. Section 18939.5 is added to the Welfare and Institutions Code, to read:

18939.5. Notwithstanding any other provision of law, an individual who naturalizes while receiving benefits under this article, who remains otherwise eligible for benefits under this article, and who applies for federally funded Supplemental Security Income (SSI) and fully cooperates in the application and administrative appeal process of the Social Security Administration, shall continue to receive benefits under this article until the individual receives SSI benefits or has exhausted all appeals for their initial federal SSI application. A recipient shall not be entitled to receive duplicate payments for any month.

SEC. 41. The amendments made by this act contained in clause (ii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 1534, paragraph (2) of subdivision (c) of Section 1569.33, paragraph (2) of subdivision (c) of Section 1597.09, and paragraph (2) of subdivision (c) of Section 1597.55a of the Health and Safety Code shall be suspended for the 2007–08 fiscal year. The State Department of Social Services shall submit trailer bill language to the Legislature on or before February 1, 2008, that reflects appropriate indicators to trigger an annual increase in the number of facilities for which the department conducts unannounced visits. The department shall work with legislative staff, the Legislative Analyst’s Office, and interested stakeholders to develop the indicators.

SEC. 42. The State Department of Education shall conduct a study and submit a report to the Legislature by September 2008 that will establish best statewide practices for the prevention, detection, identification, and investigation of improper payments and fraud in all subsidized child care programs. The report shall provide specific recommendations that will shape discussion towards establishing

consistent policies across the state with regard to improper payments and suspected fraud in subsidized child care.

(a) The study shall incorporate elements utilized in national studies conducted by the federal Administration for Children and Families and information previously developed by the department and other state agencies.

(b) The study shall include a thorough analysis and recommendations on the role and responsibilities of the department.

(c) The study shall include an expansive review of the practices of local jurisdictions in their efforts to mitigate improper payments and suspected fraud in child care programs, particularly prevention efforts, and should assess those practices, determining which are “best practices” and indicating the bases for those determinations.

(d) The study shall establish a working definition of fraud that clearly distinguishes fraud from improper payments, and provide recommendations as to how the department could provide guidance to child care contractors regarding fraud detection and prevention.

(e) The study shall address requirements for ensuring that effective due process protections are in place for subsidy recipients and child care providers when an improper payment or suspicion of fraud is at issue.

(f) The study shall gather any available information regarding the potential cost-effectiveness of fraud prevention, detection, investigation, and prosecution efforts.

(g) The study shall address internal control components for the department’s child care contractor agencies, including written policies addressing standards for quality assurance, separation of duties, prohibition of conflicts of interest, and independent audit and oversight procedures.

SEC. 43. The Department of Rehabilitation shall count the exact number of Supported Employment Program (SEP) and Work Activity Program (WAP) consumers served by the department in the 2007–08 fiscal year and how much it cost the department to provide services to those consumers. If the costs are projected to exceed the amounts budgeted for SEP and WAP consumer services, the department shall identify funding options to meet those needs. The department shall submit this information to the budget and fiscal committees of the Legislature on January 10, 2008, and on May 14, 2008. The department shall also submit to the budget and fiscal committees of the Legislature by April 1, 2008, a proposed methodology for projecting case load and funding growth in the SEP and WAP for the 2008–09 and subsequent fiscal years.

SEC. 44. Any funds remaining of the four million four hundred forty-five thousand dollars (\$4,445,000) appropriated in Item 5180-101-0001 of Section 2.00 of the Budget Act of 2007 to reimburse

food banks and Foodlink for the storage and transportation costs of federally provided food incurred in the 2006–07 fiscal year in response to the freeze, shall be expended to respond to other emergency food needs throughout the state.

SEC. 45. The State Department of Social Services, in consultation with the County Welfare Directors Association, shall track the actual county costs to implement the requirements of the settlement agreement in *Gomez, et al. v. Saenz* for the 2007–08 fiscal year. To the extent that the actual costs differ from the amount estimated in the budget, the actual costs shall be used to update the premise commencing with the 2008–09 budget.

SEC. 46. The State Department of Social Services shall provide options for consideration by the administration and the Legislature for increasing the state’s CalWORKs welfare-to-work participation. These options should address ways to structure the CalWORKs grant in order to maximize full-time work and promote family stability, as well as ideas for training and technical assistance the department could provide counties targeted at increasing the work participation rate. The department shall submit these options to the Joint Legislative Budget Committee, and to the Legislature’s budget, fiscal, and human services committees, on or before October 1, 2007.

SEC. 47. (a) Notwithstanding 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 State Department of Social Services may implement the changes made by Sections 14, 15, 21 to 26, inclusive, and Sections 35, 39, and 40 of this act through all-county letters or similar instructions from the director. The department shall adopt emergency regulations, as necessary to implement those changes no later than July 1, 2009.

(b) The adoption of regulations pursuant to subdivision (a) 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 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 adopted.

SEC. 48. Of the thirty-five million six hundred eighty-four thousand dollars (\$35,684,000) appropriated in Item 5180-151-0001 of Section 2.00 of the Budget Act of 2007 for the Transitional Housing Program Plus, up to ten million five hundred twenty-five thousand dollars (\$10,525,000) may be used for eligible costs incurred in the 2006–07 fiscal year.

SEC. 49. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make necessary statutory changes to implement the Budget Act of 2007 at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 178

An act to add Section 1940 to the Fish and Game Code, to amend Section 12536 of, and to amend and repeal Sections 12846 and 12846.5 of, the Food and Agricultural Code, to add Chapter 4 (commencing with Section 12890) to Part 2.5 of Division 3 of Title 2 of the Government Code, to amend Sections 25173.7, 25174, and 25330.4 of, and to amend and repeal Section 25330.6 of, the Health and Safety Code, to amend Sections 5818.1, 5818.2, and 32580 of, and to add Sections 716, 5003.19, 5096.829, 5096.954, 5096.955, and 14317 to, the Public Resources Code, and to add Section 142 to the Water Code, relating to the environment, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Section 1940 is added to the Fish and Game Code, to read:

1940. (a) The Department of Fish and Game shall undertake the development of a vegetation mapping standard for the state.

(b) The development of a state vegetation mapping standard by the department shall be done in consultation with interested stakeholders, including, but not limited to, government agencies, nongovernmental conservation organizations, landowners, agriculture, recreation, scientific entities, and industry. Components of the standard shall include the following:

(1) A published classification system for all natural and seminatural vegetation communities present in California with sufficient detail to meet the analytical needs of government and nongovernment entities. The classification shall be consistent with national standards adopted by the Federal Geographic Data Committee.

(2) Methods for field data collection, image interpretation, and digital map production and attribution.

(3) Manuals, training materials, tools, and database structures for use by parties interested in performing vegetation mapping according to the standard.

(4) Documented methods for performing postproject accuracy assessments to quantify that validity of the work. Private and public landowners shall be given reasonable opportunity to review, and comment on the accuracy of, the data collected on their lands.

(5) Mechanisms for integrating new map products that meet the standard into a cohesive database with the intent of eventually completing statewide coverage.

(c) The department shall submit a report to the budget committee of each house of the Legislature no later than January 10, 2008, providing its mapping standard and advising how the department will ensure that its standard will be updated to reflect changing technology and serve as the state's center of expertise on vegetation mapping.

(d) The department may adopt regulations to implement this section.

SEC. 2. Section 12536 of the Food and Agricultural Code is amended to read:

12536. (a) The director, by regulation, shall establish a pest management advisory committee, specifying, as appropriate, the scope and purpose of its advisory role, membership requirements, and operating procedures. The director, or his or her designee, shall serve as chairperson of the committee and the secretary, or his or her designee, shall serve as vice chairperson of the committee. At a minimum, the committee shall assist the department in identifying, facilitating, and promoting environmentally sound pest management practices and pest management systems.

(b) Funds in the Department of Pesticide Regulation Fund may be expended, upon appropriation, for pest management grants, and upon the joint decision of the chairperson and vice chairperson, to carry out the recommendations of the pest management advisory committee.

SEC. 3. Section 12846 of the Food and Agricultural Code is amended to read:

12846. (a) The Food Safety Account is hereby created in the Department of Pesticide Regulation Fund. The funds in the account shall be used, upon appropriation, for the purposes of Sections 12535, 12797, 12798, 12979, 13134 and 13135 of this code and Section 110495 of the Health and Safety Code.

(b) As of June 30, 2009, the Food Safety Account shall cease to exist and any balance in the account shall revert to the Department of Pesticide Regulation Fund. Any outstanding liabilities and encumbrances of the

Food Safety Account as of June 30, 2009, shall become liabilities and encumbrances payable from the Pesticide Regulation Fund.

(c) This section shall remain in effect until January 1, 2010, and as of that date is repealed.

SEC. 4. Section 12846.5 of the Food and Agricultural Code is amended to read:

12846.5. (a) Sufficient moneys from the Department of Pesticide Regulation Fund, as determined by the Director of Pesticide Regulation, shall be transferred to the Food Safety Account until June 30, 2007, for the purposes of Section 12846, except that no fees or assessments deposited into the fund shall be transferred to the account and used for nonregulatory purposes.

(b) This section shall remain in effect until January 1, 2008, and as of that date is repealed.

SEC. 5. Chapter 4 (commencing with Section 12890) is added to Part 2.5 of Division 3 of Title 2 of the Government Code, to read:

CHAPTER 4. STATE AGENCY GREENHOUSE GAS REDUCTION REPORT CARD

12890. The Legislature finds and declares all of the following:

(a) The California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) requires all state agencies to consider and implement measures to reduce their greenhouse gas emissions.

(b) Executive Order S-3-05 issued by the Governor on June 1, 2005, commits state agencies to climate emission reduction targets as part of overall state emission reduction targets.

(c) It is vital that state government lead by example in meeting California's greenhouse gas emission requirements.

(d) The purpose of this chapter is to do all of the following:

(1) Ensure that state agencies consider and implement measures and strategies under their authority to reduce their greenhouse gas emissions in furtherance of the targets in the Climate Action Team Report and the California Global Warming Solutions Act of 2006.

(2) Establish routine, quantified, verified, consistent, and public reporting of those measures and their effectiveness in reducing greenhouse gas emissions.

(3) Ensure that these reports and metrics are independently audited and verified to achieve compliance.

12891. For the purposes of this chapter, the following terms have the following meanings:

(a) "Agency" means the California Environmental Protection Agency.

(b) "Climate Action Team Report" means the report prepared pursuant to Executive Order S-3-05 and submitted to the Governor and the Legislature in March 2006.

(c) "GHG" means greenhouse gas as defined in subdivision (g) of Section 38505 of the Health and Safety Code.

(d) "GHG emission reduction target" means a target established for a state agency in the Climate Action Team Report, or a requirement made applicable to that state agency by an action taken by the State Air Resources Board pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

(e) "Secretary" means the Secretary for Environmental Protection.

(f) "State agency" means a state agency listed in the Climate Action Team Report, a state office, department, division, bureau, board, or commission whose operations or programs result in greenhouse gas emissions that are subject to Division 25.5 (commencing with Section 38500) of the Health and Safety Code, and any other state agency listed in Section 12800, as determined by the secretary.

12892. (a) On or before January 1, 2008, then on October 1, 2008, and annually thereafter, each state agency shall prepare and submit to the secretary in a standardized format as determined by the agency both of the following:

(1) A list of those measures that have been adopted and implemented by the state agency to meet GHG emission reduction targets and a status report on actual GHG emissions reduced as a result of these measures.

(2) A list and timetable for adoption of any additional measures needed to meet GHG emission reduction targets.

(b) In order to reduce paperwork and workload, information required to be submitted pursuant to this section may be submitted in a standardized electronic format as determined by the agency.

(c) On or before March 1, 2008, and then on January 1, 2009, and annually thereafter, the agency shall compile and organize the information submitted pursuant to this section into a clear, standardized format, and shall provide that information on the agency's Internet Web site in the form of a state agency greenhouse gas emission reduction report card.

(d) The report card shall compare the actions taken and proposed to be taken by individual state agencies and their projected annual GHG emission reductions against the state agency GHG emission reduction targets and statewide GHG emission reduction limits.

(e) Where appropriate, the report card shall include a statement regarding the independent audits required by Section 12893.

12893. Not less than once every three years, each state agency reporting pursuant to Section 12892 shall, to the extent funds are available, conduct an independent audit in a standardized format

determined by the agency and verification of the actual and proposed GHG emissions reductions achieved by that state agency in order to ensure that the state agency is achieving GHG emission reduction targets.

SEC. 6. Section 25173.7 of the Health and Safety Code is amended to read:

25173.7. (a) It is the intent of the Legislature that funds deposited in the Toxic Substances Control Account shall be appropriated in the annual Budget Act each year in the following manner:

(1) Not less than six million seven hundred fifty thousand dollars (\$6,750,000) to the Site Remediation Account in the General Fund for direct site remediation costs, as defined in Section 25337. The amount specified in this paragraph shall be increased in any fiscal year by the amount of increased revenues specified by the Legislature in the Budget Act for that fiscal year pursuant to subdivision (g) of Section 25205.6.

(2) Not less than four hundred thousand dollars (\$400,000) to the Expedited Site Remediation Trust Fund in the State Treasury, created pursuant to subdivision (a) of Section 25399.1, for purposes of paying the orphan share of response costs pursuant to Chapter 6.85 (commencing with Section 25396).

(3) An amount that does not exceed the costs incurred by the State Board of Equalization, a private party, or other public agency, to administer and collect the fees imposed pursuant to Article 9.1 (commencing with Section 25205.1) and deposited into the Toxic Substances Control Account, for the purpose of reimbursing the State Board of Equalization, public agency, or private party, for those costs.

(4) Commencing with the 1999–2000 fiscal year and annually thereafter, not less than one million fifty thousand dollars (\$1,050,000) for purposes of establishing and implementing a program pursuant to Sections 25244.15.1, 25244.17.1, 25244.17.2, 25244.22, and 25244.24 to encourage hazardous waste generators to implement pollution prevention measures.

(5) Funds not appropriated as specified in paragraphs (1) to (4), inclusive, may be appropriated for any of the purposes specified in subdivision (b) of Section 25173.6, except the purposes specified in subparagraph (C) of paragraph (1) of, and paragraph (14) of, subdivision (b) of Section 25173.6.

(b) (1) The amounts specified in paragraphs (1) to (3), inclusive, of subdivision (a) are the amounts that the Legislature intends to appropriate for the 1998–99 fiscal year for the purposes specified in those paragraphs, and the amount specified in paragraph (4) of subdivision (a) is the amount the Legislature intends to appropriate for the 1999–2000 fiscal year for the purposes specified in that paragraph. Beginning with the 1999–2000 fiscal year, and for each fiscal year thereafter, the amounts specified in

paragraphs (1) to (3), inclusive, of subdivision (a), and beginning with the 2000–01 fiscal year, and for each fiscal year thereafter, the amount specified in paragraph (4) of subdivision (a) shall be adjusted annually to reflect increases or decreases in the cost of living during the prior fiscal year, as measured by the Consumer Price Index issued by the Department of Industrial Relations or by a successor agency.

(2) Notwithstanding paragraph (1), the department may, upon the approval of the Legislature in a statute or the annual Budget Act, take either of the following actions:

(A) Reduce the amounts specified in paragraphs (1) to (4), inclusive, of subdivision (a), if there are insufficient funds in the Toxic Substances Control Account.

(B) Suspend the transfer specified in paragraph (2) of subdivision (a), if there are no orphan shares pending payment pursuant to Chapter 6.85 (commencing with Section 25396).

SEC. 7. Section 25174 of the Health and Safety Code is amended to read:

25174. (a) There is in the General Fund the Hazardous Waste Control Account, which shall be administered by the director. In addition to any other money that may be deposited in the Hazardous Waste Control Account, pursuant to statute, all of the following amounts shall be deposited in the account:

(1) The fees collected pursuant to Sections 25174.1, 25205.2, 25205.5, 25205.15, and 25205.16.

(2) The fees collected pursuant to Section 25187.2, to the extent that those fees are for the oversight of corrective action taken under this chapter.

(3) Any interest earned upon the money deposited in the Hazardous Waste Control Account.

(4) Any money received from the federal government pursuant to the federal act.

(5) Any reimbursements for funds expended from the Hazardous Waste Control Account for services provided by the department pursuant to this chapter, including, but not limited to, the reimbursements required pursuant to Sections 25201.9 and 25205.7.

(b) The funds deposited in the Hazardous Waste Control Account may be appropriated by the Legislature, for expenditure as follows:

(1) To the department for the administration and implementation of this chapter.

(2) To the department for allocation to the State Board of Equalization to pay refunds of fees collected pursuant to Sections 43051 and 43053 of the Revenue and Taxation Code and for the administration and collection of the fees imposed pursuant to Article 9.1 (commencing with

Section 25205.1) that are deposited into the Hazardous Waste Control Account.

(3) To the department for the costs of performance or review of analyses of past, present, or potential environmental public health effects related to toxic substances, including extremely hazardous waste, as defined in Section 25115, and hazardous waste, as defined in Section 25117.

(4) (A) To the office of the Attorney General for the support of the Toxic Substance Enforcement Program in the office of the Attorney General, in carrying out the purposes of this chapter.

(B) Notwithstanding subdivision (c), expenditures for the purposes of this paragraph shall not be subject to an interagency or interdepartmental agreement.

(C) On or before October 1 of each year, the Attorney General shall report to the Legislature on the expenditure of any funds appropriated to the office of the Attorney General for the preceding fiscal year pursuant to this paragraph and subdivision (c) of Section 25173.6. The report shall include all of the following:

(i) A description of cases resolved by the office of the Attorney General through settlement or court order, including the monetary benefit to the department and the state.

(ii) A description of injunctions or other court orders benefiting the people of the state.

(iii) A description of any cases in which the Attorney General's Toxic Substance Enforcement Program is representing the department or the state against claims by defendants or responsible parties.

(iv) A description of other pending litigation handled by the Attorney General's Toxic Substance Enforcement Program.

(D) Nothing in subparagraph (C) shall require the Attorney General to report on any confidential or investigatory matter.

(5) To the department, on and after July 1, 1999, for administration and implementation of Chapter 6.11 (commencing with Section 25404).

(c) (1) Except for the appropriation to the office of the Attorney General pursuant to paragraph (4) of subdivision (b), expenditures from the Hazardous Waste Control Account for support of state agencies other than the department shall, upon appropriation by the Legislature to the department, be subject to an interagency or interdepartmental agreement between the department and the state agency receiving the support.

(2) The department shall, at the time of the release of the annual Governor's Budget, describe the budgetary amounts proposed to be allocated to the State Board of Equalization, as specified in paragraph (2) of subdivision (b) and in paragraph (3) of subdivision (b) of Section 25173.6, for the upcoming fiscal year.

(3) It is the intent of the Legislature that moneys appropriated in the annual Budget Act each year for the purpose of reimbursing the State Board of Equalization, a private party, or other public agency, for the administration and collection of the fees imposed pursuant to Article 9.1 (commencing with Section 25205.1) and deposited in the Hazardous Waste Control Account, shall not exceed the costs incurred by the State Board of Equalization, the private party, or other public agency, for the administration and collection of those fees.

(d) With respect to expenditures for the purposes of paragraphs (1) and (3) of subdivision (b) and paragraphs (1) and (2) of subdivision (b) of Section 25173.6, the department shall, at the time of the release of the annual Governor's Budget, also make available the budgetary amounts and allocations of staff resources of the department proposed for the following activities:

(1) The department shall identify, by permit type, the projected allocations of budgets and staff resources for hazardous waste facilities permits, including standardized permits, closure plans, and postclosure permits.

(2) The department shall identify, with regard to surveillance and enforcement activities, the projected allocations of budgets and staff resources for the following types of regulated facilities and activities:

(A) Hazardous waste facilities operating under a permit or grant of interim status issued by the department, and generator activities conducted at those facilities. This information shall be reported by permit type.

(B) Transporters.

(C) Response to complaints.

(3) The department shall identify the projected allocations of budgets and staff resources for both of the following activities:

(A) The registration of hazardous waste transporters.

(B) The operation and maintenance of the hazardous waste manifest system.

(4) The department shall identify, with regard to site mitigation and corrective action, the projected allocations of budgets and staff resources for the oversight and implementation of the following activities:

(A) Investigations and removal and remedial actions at military bases.

(B) Voluntary investigations and removal and remedial actions.

(C) State match and operation and maintenance costs, by site, at joint state and federally funded National Priority List Sites.

(D) Investigation, removal and remedial actions, and operation and maintenance at the Stringfellow Hazardous Waste Site.

(E) Investigation, removal and remedial actions, and operation and maintenance at the Casmalia Hazardous Waste Site.

(F) Investigations and removal and remedial actions at nonmilitary, responsible party lead National Priority List Sites.

(G) Preremedial activities under the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Sec. 9601 et seq.).

(H) Investigations, removal and remedial actions, and operation and maintenance at state-only orphan sites.

(I) Investigations and removal and remedial actions at nonmilitary, non-National Priority List responsible party lead sites.

(J) Investigations, removal and remedial actions, and operation and maintenance at Expedited Remedial Action Program sites pursuant to Chapter 6.85 (commencing with Section 25396).

(K) Corrective actions at hazardous waste facilities.

(5) The department shall identify, with regard to the regulation of hazardous waste, the projected allocation of budgets and staff resources for the following activities:

(A) Determinations pertaining to the classification of hazardous wastes.

(B) Determinations for variances made pursuant to Section 25143.

(C) Other determinations and responses to public inquiries made by the department regarding the regulation of hazardous waste and hazardous substances.

(6) The department shall identify projected allocations of budgets and staff resources needed to do all of the following:

(A) Identify, remove, store, and dispose of, suspected hazardous substances or hazardous materials associated with the investigation of clandestine drug laboratories.

(B) Respond to emergencies pursuant to Section 25354.

(C) Create, support, maintain, and implement the railroad accident prevention and immediate deployment plan developed pursuant to Section 7718 of the Public Utilities Code.

(7) The department shall identify projected allocations of budgets and staff resources for the administration and implementation of the unified hazardous waste and hazardous materials regulatory program established pursuant to Chapter 6.11 (commencing with Section 25404).

(8) The department shall identify the total cumulative expenditures of the Regulatory Structure Update and Site Mitigation Update projects since their inception, and shall identify the total projected allocations of budgets and staff resources that are needed to continue these projects.

(9) The department shall identify the total projected allocations of budgets and staff resources that are necessary for all other activities proposed to be conducted by the department.

(e) Notwithstanding this chapter, or Part 22 (commencing with Section 43001) of Division 2 of the Revenue and Taxation Code, for any fees, surcharges, fines, penalties, and funds which are required to be deposited into the Hazardous Waste Control Account or the Toxic Substances Control Account, the department, with the approval of the Secretary for Environmental Protection, may take any of the following actions:

(1) Assume responsibility for, or enter into a contract with a private party or with another public agency, other than the State Board of Equalization, for the collection of any fees, surcharges, fines, penalties and funds described in subdivision (a) or otherwise described in this chapter or Chapter 6.8 (commencing with Section 25300), for deposit into the Hazardous Waste Control Account or the Toxic Substances Control Account.

(2) Administer, or by mutual agreement, contract with a private party or another public agency, for the making of those determinations and the performance of functions that would otherwise be the responsibility of the State Board of Equalization pursuant to this chapter, Chapter 6.8 (commencing with Section 25300), or Part 22 (commencing with Section 43001) of Division 2 of the Revenue and Taxation Code, if those activities and functions for which the State Board of Equalization would otherwise be responsible become the responsibility of the department or, by mutual agreement, the contractor selected by the department.

(f) If, pursuant to subdivision (e), the department, or a private party or another public agency, pursuant to a contract with the department, performs the determinations and functions that would otherwise be the responsibility of the State Board of Equalization, the department shall be responsible for ensuring that persons who are subject to the fees specified in subdivision (e) have equivalent rights to public notice and comment, and procedural and substantive rights of appeal, as afforded by the procedures of the State Board of Equalization pursuant to Part 22 (commencing with Section 43001) of Division 2 of the Revenue and Taxation Code. Final responsibility for the administrative adjustment of fee rates and the administrative appeal of any fees or penalty assessments made pursuant to this section may only be assigned by the department to a public agency.

(g) If, pursuant to subdivision (e), the department, or a private party or another public agency, pursuant to a contract with the department, performs the determinations and functions that would otherwise be the responsibility of the State Board of Equalization, the department shall have equivalent authority to make collections and enforce judgments as provided to the State Board of Equalization pursuant to Part 22 (commencing with Section 43001) of Division 2 of the Revenue and Taxation Code. Unpaid amounts, including penalties and interest, shall

be a perfected and enforceable state tax lien in accordance with Section 43413 of the Revenue and Taxation Code.

(h) The department, with the concurrence of the Secretary for Environmental Protection, shall determine which administrative functions should be retained by the State Board of Equalization, administered by the department, or assigned to another public agency or private party pursuant to subdivisions (e), (f), and (g).

(i) The department may adopt regulations to implement subdivisions (e) to (h), inclusive.

(j) The Director of Finance, upon request of the director, may make a loan from the General Fund to the Hazardous Waste Control Account to meet cash needs. The loan shall be subject to the repayment provisions of Section 16351 of the Government Code and the interest provisions of Section 16314 of the Government Code.

(k) The department shall establish, within the Hazardous Waste Control Account, a reserve of at least one million dollars (\$1,000,000) each year to ensure that all programs funded by the Hazardous Waste Control Account will not be adversely affected by any revenue shortfalls.

(l) When the department prepares the annual report required by Section 10359 of the Public Contract Code, the department shall, in addition to providing the information required by that section, include all of the following information:

- (1) The source of funding for each contract.
- (2) The statutory authorization, if applicable, for each contract.

SEC. 8. Section 25330.4 of the Health and Safety Code is amended to read:

25330.4. (a) Notwithstanding any other provision of law, the Controller shall establish a separate subaccount in the state account, for any funds received from a settlement agreement or the General Fund for a removal or remedial action to be performed at a specific site.

(b) Notwithstanding Section 13340 of the Government Code, funds deposited in the subaccount for those removal or remedial actions are hereby continuously appropriated to the department, without regard to fiscal years, for removal or remedial action at the specific site, and for administrative costs associated with the removal or remedial action at the specific site.

(c) Notwithstanding any other provision of law, money in the subaccount for those removal or remedial actions shall not revert to the General Fund or 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.

(d) Notwithstanding Section 16305.7 of the Government Code, all interest or other increment resulting from investment of the funds specified in subdivision (a) pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code shall be deposited in the subaccount for removal or remedial action at the specific sites.

(e) At the conclusion of all removal or remedial actions at the specific site, any unexpended funds in any subaccounts established pursuant to this section shall be transferred to the subaccount for site operation and maintenance established pursuant to Section 25330.5, if necessary, for those activities at the site, or, if not needed for site operation and maintenance at the site, to the Toxic Substances Control Account.

(f) (1) There is hereby created a subaccount in the state account as the successor fund to the Stringfellow Insurance Proceeds Account created pursuant to former Section 25330.6, as that section read on January 1, 2013. All assets, liabilities, and surplus in the Stringfellow Insurance Proceeds Account shall be transferred to, and become a part of, this subaccount for the Stringfellow Superfund Site in Riverside County, as provided in Section 16346 of the Government Code. All appropriations from the Stringfellow Insurance Proceeds Account, to the extent encumbered, shall continue to be available from the subaccount for expenditure for the same purposes and periods.

(2) This subdivision shall become operative on July 1, 2013.

SEC. 9. Section 25330.6 of the Health and Safety Code is amended to read:

25330.6. (a) The Stringfellow Insurance Proceeds Account is hereby created in the State Treasury and shall be administered by the director.

(b) The funds deposited in the account are available for expenditure, upon appropriation by the Legislature, for activities related to the Stringfellow Superfund Site in Riverside County, to carry out the 2002 Consent Decree, incorporating the 2002 Memorandum of Understanding and the December 1998 Stringfellow Site Agreement between the state and the participating defendants, as defined in those agreements, to the extent any portion of those agreements remain in force and effect.

(c) Funds in the account appropriated by the Legislature for contract costs for investigation, removal, remedial, or operation and maintenance activities at the Stringfellow Superfund Site are available for encumbrance for three fiscal years, including the fiscal year in which the funds are appropriated, and are available for disbursement in liquidation of encumbrances pursuant to Section 16304.1 of the Government Code.

(d) Any requirement that insurance proceeds recovered by the state in connection with the Stringfellow Superfund Site be deposited in the

account and distributed under the terms of the 1998 Site Agreement, is hereby declared null and void, in accordance with the 2002 Consent Decree specified in subdivision (b).

(e) This section shall become inoperative on July 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 10. Section 716 is added to the Public Resources Code, to read:

716. (a) Notwithstanding any other provision of law, the Department of Finance may delegate to the department the right to exercise the same authority granted to the Division of the State Architect and the Real Estate Services Division in the Department of General Services, to plan, design, construct, and administer contracts and professional services for, legislatively approved capital outlay projects.

(b) Any right afforded to the department pursuant to subdivision (a) to exercise project planning, design, construction, and administration of contracts and professional services may be revoked, in whole or in part, by the Department of Finance at any time.

SEC. 11. Section 5003.19 is added to the Public Resources Code, to read:

5003.19. (a) Notwithstanding the provisions of Division 3 (commencing with Section 11000) of Title 2 of the Government Code that relate to the disposition of state-owned real property, the director may grant to the City of Santa Cruz, subject to the conditions set forth in this section, all of the rights, title, and interest of the state in approximately 37.6 acres, known as Lighthouse Field State Beach, in the County of Santa Cruz.

(b) The grant is subject to all of the following conditions:

(1) The real property conveyed shall be operated, maintained, and improved by the City of Santa Cruz for park purposes in perpetuity, consistent with any covenants, conditions, and restrictions in the deed transferring the property.

(2) The City of Santa Cruz shall pay the department fair market value, in accordance with mutually agreed upon terms, for the real property conveyed and as restricted by paragraph (1). The fair market value shall be determined by an appraisal that is reviewed and approved by the Department of General Services.

(3) The net proceeds from the transfer shall be deposited pursuant to Section 5003.15, with Attorney General review and approval.

(c) The Legislature finds and declares that the transfer to the City of Santa Cruz of the real property described in subdivision (a) and subject to the conditions specified in subdivision (b) is excepted from the

provisions of Section 5096.516 in accordance with paragraph (3) of subdivision (c) of Section 5096.516.

SEC. 12. Section 5096.829 is added to the Public Resources Code, to read:

5096.829. (a) The department shall, beginning November 1, 2007, and quarterly thereafter until funds authorized by this chapter are liquidated, prepare and submit to the Joint Legislative Budget Committee a report that includes information relating to funds expended by the department during the time period pursuant to Section 5096.821. This report shall include all of the following:

- (1) The project name.
- (2) The physical location of the project, including the county or counties where the project is located.
- (3) A description of the project and the scope of the work to be performed.
- (4) The date of approval of the project, or the date a contract was let for the project work.
- (5) The estimated cost of the project at the time of project approval.
- (6) The actual cost of the project, to date.
- (7) An estimated project schedule.
- (8) An explanation of any increased project costs over the initial estimate, including changes in conditions or scope of the project.

(b) For the report due on November 1, 2008, and each November 1 thereafter, the report shall include all of the following:

- (1) The report requirements set forth in subdivision (a).
- (2) Identification of the actual amount of funds appropriated in the previous fiscal year to implement provisions of Section 5096.821.
- (3) Identification of the actual amount of funds expended in the previous fiscal year pursuant to the appropriations specified in paragraph (2).

(c) Each project shall continue to be listed in the report for one quarter after all project costs are paid.

(d) (1) It is the intent of the Legislature that the Department of Water Resources seek all applicable federal funding for flood control projects.

(2) It is the intent of the Legislature that the department notify the federal government when the state pays the costs associated with the federal cost-share of levee repair and improvement projects, with the intent that those costs may be recouped from the federal government in the future.

SEC. 13. Section 5096.954 is added to the Public Resources Code, to read:

5096.954. On or before January 1, 2008, the department shall adopt emergency regulations to implement Section 12585.7 of the Water Code.

SEC. 14. Section 5096.955 is added to the Public Resources Code, to read:

5096.955. (a) For the purposes of any levee evaluation activities funded by the department, the department shall not require a local cost-share for the following levee evaluations:

(1) Evaluations of levees that are part of the facilities of the State Plan of Flood Control.

(2) Evaluations of levees located in the Central Valley that are not part of the State Plan of Flood Control, and that protect an urban area, as defined by subdivision (k) of Section 5096.805.

(3) Evaluations of levees chosen to be performed by the department as part of an effort to protect critical water conveyance infrastructure through the Sacramento-San Joaquin Delta.

(b) The department shall identify the levees described in paragraph (2) of subdivision (a) in the Bond Expenditure Disaster Preparedness and Flood Prevention Plan described in Section 5096.821 and notify the Governor and the Legislature of the location of these levees.

SEC. 15. Section 5818.1 of the Public Resources Code is amended to read:

5818.1. The Coastal Wetlands Fund is hereby established in the State Treasury and shall be an interest-bearing fund administered by the Department of Fish and Game.

SEC. 16. Section 5818.2 of the Public Resources Code is amended to read:

5818.2. (a) (1) The funds in the Coastal Wetlands Fund may be expended by the Department of Fish and Game and the State Coastal Conservancy, upon appropriation by the Legislature, for the maintenance of coastal wetlands property owned by the state, a conservancy of the state, a local government agency, or a nonprofit organization.

(2) The funds in the Coastal Wetlands Fund may be expended by the state pursuant to this section in the form of grants.

(3) An applicant may apply to the State Coastal Conservancy for a grant pursuant to the grant application procedures in Division 21 (commencing with Section 31000), to perform maintenance of coastal wetlands property owned by the state, a conservancy of the state, a local government agency, or a nonprofit organization.

(b) The Department of Fish and Game and the State Coastal Conservancy may accept contributions to the Coastal Wetlands Fund. The sources of contributions that may be accepted include, but are not limited to, private individuals and organizations, nonprofit organizations, and federal, state, and local agencies including special districts. The contributions accepted may include money identified pursuant to the California Environmental Quality Act (Division 13 (commencing with

Section 21000)) or the National Environmental Policy Act of 1969 (42 U.S.C. Sec. 4321 et seq.) as acceptable mitigation for development projects. The Department of Fish and Game and the State Coastal Conservancy shall deposit a contribution accepted pursuant to this subdivision in the Coastal Wetlands Fund, subject to the requirements of Section 5818.1.

SEC. 17. Section 14317 is added to the Public Resources Code, to read:

14317. (a) The Legislature finds and declares all of the following:

(1) By authorizing the Sacramento Local Conservation Corps to sell one of its existing buildings and purchase another building, the corps would be able to consolidate and improve its operations and ensure the safety of its members.

(2) The purpose of the purchase of another building is to provide a permanent residence for the Sacramento Local Conservation Corps.

(3) The purchase of another building is consistent with the intended purpose of the Proposition 40 (the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Bond Act of 2002) grant to the Sacramento Local Conservation Corps that was used to purchase the existing building.

(4) However, that grant required the Sacramento Local Conservation Corps to “use the property only for the purpose for which the grant was made and to make no other use, sale or other disposition of the property, except as authorized by a specific act of the Legislature.”

(b) The Sacramento Local Conservation Corps, certified by the California Conservation Corps pursuant to this division, may sell APN 036-0181-011 located in the County of Sacramento, which was purchased with bond funds pursuant to paragraph (2) of subdivision (e) of Section 5096.650.

(c) The sale of APN 036-0181-011 shall be subject to all of the following conditions:

(1) The sale of APN 036-0181-011 shall be at no less than fair market value and shall be approved by the California Conservation Corps.

(2) The net proceeds from the sale of APN 036-0181-011 shall be used only towards the purchase of APN 036-0031-026 located in the County of Sacramento.

(3) The purchase of APN 036-0031-026 shall be at no more than fair market value and shall be approved by the California Conservation Corps.

(4) Any net proceeds from the sale of APN 036-0181-011, in excess of the purchase price of APN 036-0031-026, shall revert to the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection

Fund created pursuant to Section 5096.610, and are hereby appropriated from that fund to the California Conservation Corps for local assistance.

(5) The Sacramento Local Conservation Corps shall only use APN 036-0031-026 for corps purposes and shall not lease or rent APN 036-0031-026 to other occupants.

SEC. 18. Section 32580 of the Public Resources Code is amended to read:

32580. This division shall remain in effect only until January 1, 2018, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2018, deletes or extends that date.

SEC. 19. Section 142 is added to the Water Code, to read:

142. (a) In order to reduce greenhouse gas emissions associated with water and energy usage, on and after January 1, 2008, the department shall do all of the following:

(1) Comply with the same greenhouse gas emissions performance standards adopted pursuant to Section 8341 of the Public Utilities Code for a local publicly owned electric utility for new electricity contracts.

(2) Use reasonable, feasible, and cost-effective efforts to use energy efficiently, and to increase use of renewable energy in the department's water operations and in the renegotiation of existing electricity contracts entered into pursuant to Division 27 (commencing with Section 80000).

(b) On or before March 1, 2008, and at least once every year thereafter until December 31, 2015, the department shall report to the Legislature and the Governor on the implementation of this section, including, but not limited to, all of the following:

(1) The status of any contracts it has for fossil fuel generated electricity and its efforts to reduce its dependency on fossil fuels.

(2) Changes to the portfolio of existing energy contracts entered into pursuant to Division 27 (commencing with Section 80000) that have occurred, or are expected to occur, that will alter the contracts' costs, term, or quantity, or the composition of resources used to deliver power under the contracts.

SEC. 20. (a) It is the intent of the Legislature that the Department of Water Resources seek all applicable federal funding for flood control projects.

(b) It is the intent of the Legislature that the Department of Water Resources seek reimbursement or credit from the federal government for, and notify the federal government of, any expenditures by the state associated with the federal cost-share of levee repair and improvement projects, with the intent that those costs may be recouped from the federal government in the future.

SEC. 21. Funds appropriated to the State Air Resources Board pursuant to Item 3900-001-0115 of the Budget Act of 2007, and used

for market-based compliance mechanisms as defined in subdivision (k) of Section 38505 of the Health and Safety Code, shall be expended as follows:

(a) Funds may be spent solely for the assessment and evaluation of potential market based compliance mechanisms, and not for adoption of implementation of those mechanisms, until the State Air Resources Board has complied with all applicable requirements of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the development and approval of a scoping plan pursuant to Section 38561 of the Health and Safety Code, and compliance with subdivision (b) of Section 38570 of the Health and Safety Code.

(b) Funds shall be spent to assess and evaluate all potential market-based compliance mechanisms, as defined in subdivision (k) of Section 38505 of the Health and Safety Code, and not solely to assess and evaluate the system described in paragraph (1) of subdivision (k) of Section 38505 of the Health and Safety Code.

SEC. 22. 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 2007 at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 179

An act to amend Sections 1501.5, 1531, 1532, 1563, and 1565 of, and to add Section 1531.5 to, the Code of Civil Procedure, to amend Section 298 of the Family Code, to repeal Sections 12795.5 and 12795.6 of the Food and Agricultural Code, to amend Sections 12439, 17555, 17557, 17560, 17561, 17561.5, 17562, 17567, 17568, 17612, 19822.3, and 22910 of, to add Sections 13310, 15814.45, and 22910.5 to, and to repeal Section 17570 of, the Government Code, to amend Section 25297.3 of, and to add Sections 53545.12, 53545.13, and 53545.14 to, the Health and Safety Code, to amend Sections 7314, 7350, 7352, 7904, and 7929 of, and to amend and repeal Section 7929.5 of, the Labor Code, and to amend Section 13823.17 of the Penal Code, relating to state government, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Section 1501.5 of the Code of Civil Procedure is amended to read:

1501.5. (a) Notwithstanding any provision of law to the contrary, property received by the state under this chapter shall not permanently escheat to the state.

(b) The Legislature finds and declares that this section is declaratory of the existing law and sets forth the intent of the Legislature regarding the Uniform Disposition of Unclaimed Property Act (Chapter 1809, Statutes of 1959) and all amendments thereto and revisions thereof. Any opinions, rulings, orders, judgments, or other statements to the contrary by any court are erroneous and inconsistent with the intent of the Legislature.

(c) It is the intent of the Legislature that property owners be reunited with their property. In making changes to the unclaimed property program in conjunction with the Budget Act of 2007, the Legislature intends to adopt a more expansive notification program that will provide all of the following:

(1) Notification by the state to all owners of unclaimed property prior to escheatment.

(2) A more expansive postescheatment policy that takes action to identify those owners of unclaimed property.

(3) A waiting period of not less than 18 months from delivery of property to the state prior to disposal of any unclaimed property deemed to have no commercial value.

SEC. 2. Section 1531 of the Code of Civil Procedure is amended to read:

1531. (a) Within one year after payment or delivery of escheated property as required by Section 1532, the Controller shall cause a notice to be published, in a newspaper of general circulation which the Controller determines is most likely to give notice to the apparent owner of the property.

(b) Each published notice shall be entitled "notice to owners of unclaimed property."

(c) Each published notice shall also contain a statement that information concerning the amount or description of the property may be obtained by any persons possessing an interest in the property by addressing any inquiry to the Controller.

(d) Within 165 days after the final date for filing the report required by Section 1530, the Controller shall mail a notice to each person having an address listed in the report who appears to be entitled to property of the value of fifty dollars (\$50) or more escheated under this chapter. If the report filed pursuant to Section 1530 includes a social security number, the Controller shall request the Franchise Tax Board to provide a current address for the apparent owner on the basis of that number. The Controller shall mail the notice to the apparent owner for whom a current address is obtained if the address is different from the address previously reported to the Controller. If the Franchise Tax Board does not provide an address or a different address, then the Controller shall mail the notice to the address listed in the report required by Section 1530.

(e) The mailed notice shall contain all of the following:

(1) A statement that, according to a report filed with the Controller, property is being held to which the addressee appears entitled.

(2) The name and address of the person holding the property and any necessary information regarding changes of name and address of the holder.

(3) A statement that, if satisfactory proof of claim is not presented by the owner to the holder by the date specified in the notice, the property will be placed in the custody of the Controller and may be sold or destroyed pursuant to this chapter, and all further claims concerning the property or, if sold, the net proceeds of its sale, must be directed to the Controller.

(f) This section is intended to inform owners about the possible existence of unclaimed property identified pursuant to this chapter.

SEC. 3. Section 1531.5 is added to the Code of Civil Procedure, to read:

1531.5. (a) The Controller shall establish and conduct a notification program designed to inform owners about the possible existence of unclaimed property received pursuant to this chapter.

(b) Any notice sent pursuant to this section shall not contain a photograph or likeness of an elected official.

(c) (1) Notwithstanding any other law, upon the request of the Controller, a state or local governmental agency may furnish to the Controller from its records the address or other identification or location information that could reasonably be used to locate an owner of unclaimed property.

(2) If the address or other identification or location information requested by the Controller is deemed confidential under any laws or regulations of this state, it shall nevertheless be furnished to the Controller. However, neither the Controller nor any officer, agent, or

employee of the Controller shall use or disclose that information except as may be necessary in attempting to locate the owner of unclaimed property.

(3) This subdivision shall not be construed to require disclosure of information in violation of federal law.

(4) If a fee or charge is customarily made for the information requested by the Controller, the Controller shall pay that customary fee or charge.

(d) Costs for administering this section shall be subject to the level of appropriation in the annual Budget Act.

SEC. 4. Section 1532 of the Code of Civil Procedure is amended to read:

1532. (a) Every person filing a report as provided by Section 1530 shall, no sooner than seven months and no later than seven months and 15 days after the final date for filing the report, pay or deliver to the Controller all escheated property specified in the report. Any payment of unclaimed cash in an amount of at least twenty thousand dollars (\$20,000) shall be made by electronic funds transfer pursuant to regulations adopted by the Controller.

(b) If a person establishes his or her right to receive any property specified in the report to the satisfaction of the holder before that property has been delivered to the Controller, or it appears that, for any other reason, the property may not be subject to escheat under this chapter, the holder shall not pay or deliver the property to the Controller but shall instead file a report with the Controller, on a form and in a format prescribed or approved by the Controller, containing information pertaining to the property not subject to escheat.

(c) Any property not paid or delivered pursuant to subdivision (b) that is later determined by the holder to be subject to escheat under this chapter shall not be subject to the interest provision of Section 1577.

(d) The holder of any interest under subdivision (b) of Section 1516 shall deliver a duplicate certificate to the Controller or shall register the securities in uncertificated form in the name of the Controller. Upon delivering a duplicate certificate or providing evidence of registration of the securities in uncertificated form to the Controller, the holder, any transfer agent, registrar, or other person acting for or on behalf of the holder in executing or delivering the duplicate certificate or registering the uncertificated securities, shall be relieved from all liability of every kind to any person including, but not limited to, any person acquiring the original certificate or the duplicate of the certificate issued to the Controller for any losses or damages resulting to that person by the issuance and delivery to the Controller of the duplicate certificate or the registration of the uncertificated securities to the Controller.

(e) Payment of any intangible property to the Controller shall be made at the office of the Controller in Sacramento or at another location as the Controller by regulation may designate. Except as otherwise agreed by the Controller and the holder, tangible personal property shall be delivered to the Controller at the place where it is held.

(f) Payment is deemed complete on the date the electronic funds transfer is initiated if the settlement to the state's demand account occurs on or before the banking day following the date the transfer is initiated. If the 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 to occur on the date settlement occurs.

(g) Any person required to pay cash by electronic funds transfer who makes the payment by means other than an authorized electronic funds transfer shall be liable for a civil penalty of 2 percent of the amount of the payment that is due pursuant to this section, in addition to any other penalty provided by law. Penalties are due at the time of payment. If the Controller finds that a holder's failure to make payment by an appropriate electronic funds transfer in accordance with the Controller's procedures is due to reasonable cause and circumstances beyond the holder's control, and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect, that holder shall be relieved of the penalties.

(h) An electronic funds transfer shall be accomplished by an automated clearinghouse debit, an automated clearinghouse credit, a Federal Reserve Wire Transfer (Fedwire), or by an international funds transfer. Banking costs incurred for the automated clearinghouse debit transaction by the holder shall be paid by the state. Banking costs incurred by the state for the automated clearinghouse credit transaction may be paid by the holder originating the credit. Banking costs incurred for the Fedwire transaction charged to the holder and the state shall be paid by the person originating the transaction. Banking costs charged to the holder and to the state for an international funds transfer may be charged to the holder.

(i) For purposes of this section:

(1) "Electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephonic instrument, modem, computer, or magnetic tape, so as to order, instruct, or authorize a financial institution to credit or debit an account.

(2) "Automated clearinghouse" means any federal reserve bank, or an organization established by agreement with the National Automated Clearing House Association, that operates as a clearinghouse for transmitting or receiving entries between banks or bank accounts and that authorizes an electronic transfer of funds between those banks or bank accounts.

(3) "Automated clearinghouse debit" means a transaction in which the state, through its designated depository bank, originates an automated clearinghouse transaction debiting the holder's bank account and crediting the state's bank account for the amount of payment.

(4) "Automated clearinghouse credit" means an automated clearinghouse transaction in which the holder, through its own bank, originates an entry crediting the state's bank account and debiting the holder's bank account.

(5) "Fedwire" means any transaction originated by the holder and utilizing the national electronic payment system to transfer funds through federal reserve banks, pursuant to which the holder debits its own bank account and credits the state's bank account.

(6) "International funds transfer" means any transaction originated by the holder and utilizing the international electronic payment system to transfer funds, pursuant to which the holder debits its own bank account, and credits the funds to a United States bank that credits the Unclaimed Property Fund.

SEC. 5. Section 1563 of the Code of Civil Procedure is amended to read:

1563. (a) Except as provided in subdivisions (b) and (c), all escheated property delivered to the Controller under this chapter shall be sold by the Controller to the highest bidder at public sale in whatever city in the state affords in his or her judgment the most favorable market for the property involved, or the Controller may conduct the sale by electronic media, including, but not limited to, the Internet, if in his or her judgment it is cost effective to conduct the sale of the property involved in that manner. However, no sale shall be made pursuant to this subdivision until 18 months after the final date for filing the report required by Section 1530. The Controller may decline the highest bid and reoffer the property for sale if he or she considers the price bid insufficient. The Controller need not offer any property for sale if, in his or her opinion, the probable cost of sale exceeds the value of the property. Any sale of escheated property held under this section shall be preceded by a single publication of notice thereof, at least one week in advance of sale, in an English language newspaper of general circulation in the county where the property is to be sold.

(b) Securities listed on an established stock exchange shall be sold at the prevailing prices on that exchange. Other securities may be sold over the counter at prevailing prices or, with prior approval of the California Victim Compensation and Government Claims Board, by any other method that the Controller may determine to be advisable. These securities shall be sold by the Controller no sooner than 18 months, but no later than 20 months, after the final date for filing the report required

by Section 1530. If securities delivered to the Controller by a holder of the securities remain in the custody of the Controller, a person making a valid claim for those securities under this chapter shall be entitled to receive the securities from the Controller. If the securities have been sold, the person shall be entitled to receive the net proceeds received by the Controller from the sale of the securities. United States government savings bonds and United States war bonds shall be presented to the United States for payment. Subdivision (a) does not apply to the property described in this subdivision.

(c) (1) All escheated property consisting of military awards, decorations, equipment, artifacts, memorabilia, documents, photographs, films, literature, and any other item relating to the military history of California and Californians that is delivered to the Controller is exempt from subdivision (a) and shall be held in trust for the Controller at the California State Military Museum and Resource Center. All escheated property held in trust pursuant to this subdivision is subject to the applicable regulations of the United States Army governing Army museum activities as described in Section 179 of the Military and Veterans Code. Any person claiming an interest in the escheated property may file a claim to the property pursuant to Article 4 (commencing with Section 1540).

(2) The California State Military Museum and Resource Center shall be responsible for the costs of storage and maintenance of escheated property delivered by the Controller under this subdivision.

(d) The purchaser at any sale conducted by the Controller pursuant to this chapter shall receive title to the property purchased, free from all claims of the owner or prior holder thereof and of all persons claiming through or under them. The Controller shall execute all documents necessary to complete the transfer of title.

SEC. 6. Section 1565 of the Code of Civil Procedure is amended to read:

1565. Any property delivered to the State Controller pursuant to this chapter that has no apparent commercial value shall be retained by the Controller for a period of not less than 18 months from the date the property is delivered to the Controller. If the Controller determines that any property delivered to him or her pursuant to this chapter has no apparent commercial value, he or she may at any time thereafter destroy or otherwise dispose of the property, and in that event no action or proceeding shall be brought or maintained against the state or any officer thereof, or against the holder for, or on account of any action taken by, the Controller pursuant to this chapter with respect to the property.

SEC. 7. Section 298 of the Family Code is amended to read:

298. (a) (1) The Secretary of State shall prepare forms entitled "Declaration of Domestic Partnership" and "Notice of Termination of Domestic Partnership" to meet the requirements of this division. These forms shall require the signature and seal of an acknowledgment by a notary public to be binding and valid.

(2) When funding allows, the Secretary of State shall include on the form notice that a lesbian, gay, bisexual, and transgender specific domestic abuse brochure is available upon request.

(b) (1) The Secretary of State shall distribute these forms to each county clerk. These forms shall be available to the public at the office of the Secretary of State and each county clerk.

(2) The Secretary of State shall, by regulation, establish fees for the actual costs of processing each of these forms, and the cost for preparing and sending the mailings and notices required pursuant to Section 299.3, and shall charge these fees to persons filing the forms.

(3) There is hereby established a fee of twenty-three dollars (\$23) to be charged in addition to the existing fees established by regulation to persons filing domestic partner registrations pursuant to Section 297 for development and support of a lesbian, gay, bisexual, and transgender curriculum for training workshops on domestic violence, conducted pursuant to Section 13823.15 of the Penal Code, and for the support of a grant program to promote healthy nonviolent relationships in the lesbian, gay, bisexual, and transgender community. This paragraph shall not apply to persons of opposite sexes filing a domestic partnership registration and who meet the qualifications described in subparagraph (B) of paragraph (5) of subdivision (b) of Section 297.

(4) The fee established by paragraph (3) shall be deposited in the Equality in Prevention and Services for Domestic Abuse Fund, which is hereby established. The fund shall be administered by the Office of Emergency Services, and expenditures from the fund shall be used to support the purposes of paragraph (3).

(c) The Declaration of Domestic Partnership shall require each person who wants to become a domestic partner to (1) state that he or she meets the requirements of Section 297 at the time the form is signed, (2) provide a mailing address, (3) state that he or she consents to the jurisdiction of the Superior Courts of California for the purpose of a proceeding to obtain a judgment of dissolution or nullity of the domestic partnership or for legal separation of partners in the domestic partnership, or for any other proceeding related to the partners' rights and obligations, even if one or both partners ceases to be a resident of, or to maintain a domicile in, this state, (4) sign the form with a declaration that representations made therein are true, correct, and contain no material omissions of fact to the best knowledge and belief of the applicant, and (5) have a notary

public acknowledge his or her signature. Both partners' signatures shall be affixed to one Declaration of Domestic Partnership form, which form shall then be transmitted to the Secretary of State according to the instructions provided on the form. Filing an intentionally and materially false Declaration of Domestic Partnership shall be punishable as a misdemeanor.

SEC. 8. Section 12795.5 of the Food and Agricultural Code is repealed.

SEC. 9. Section 12795.6 of the Food and Agricultural Code is repealed.

SEC. 10. Section 12439 of the Government Code is amended to read:

12439. (a) (1) Beginning July 1, 2002, and except as provided in paragraph (2), any state position that is vacant for six consecutive monthly pay periods shall be abolished by the Controller on the following July 1. The six consecutive monthly pay periods may occur entirely within one fiscal year or between two consecutive fiscal years.

(2) Notwithstanding paragraph (1), from July 1, 2007, to June 30, 2010, inclusive, any state position that is vacant for 12 consecutive monthly pay periods shall be abolished by the Controller on the following July 1. The 12 consecutive monthly pay periods may occur entirely within one fiscal year or between two consecutive fiscal years.

(b) The Director of Finance may authorize the reestablishment of any positions abolished pursuant to this section if one or more of the following conditions existed during part or all of the six consecutive monthly pay periods, as specified in paragraph (1) of subdivision (a), or during part or all of the 12 consecutive monthly pay periods, as specified in paragraph (2) of subdivision (a):

(1) There was a hiring freeze in effect during part or all of the six or, as applicable, 12 consecutive pay periods.

(2) The department has diligently attempted to fill the position, but was unable to complete all the steps necessary to fill the position within six, or, as applicable, 12 months.

(3) The position has been designated as a management position for purposes of collective bargaining and has been held vacant pending the appointment of the director, or other chief executive officer, of the department as part of the transition from one Governor to the succeeding Governor.

(4) The classification of the position is determined to be hard-to-fill.

(5) Late enactment of the budget causes the department to delay filling the position.

(c) The Controller shall reestablish any position for which the director of the department in which that position existed prior to abolishment certifies by August 15 that one or more of the following conditions

existed during part or all of the six consecutive pay periods, as specified in paragraph (1) of subdivision (a), or during part or all of the 12 consecutive pay periods, as specified in paragraph (2) of subdivision (a):

(1) The position is necessary for directly providing 24-hour care in an institution operated by the state.

(2) The position is necessary for the state to satisfy any licensing requirements adopted by a local, state, or federal licensing or other regulatory agency.

(3) The position is directly involved in services for public health, public safety, or homeland security.

(4) The position is being held vacant because the previous incumbent is eligible to exercise a mandatory right of return from a leave of absence as may be required by any provision of law including, but not limited to, leaves for industrial disability, nonindustrial disability, military service, pregnancy, childbirth, or care of a newborn infant.

(5) The position is being held vacant because the department has granted the previous incumbent a permissive leave of absence as may be authorized by any provision of law including, but not limited to, leaves for adoption of a child, education, civilian military work, or to assume a temporary assignment in another agency.

(6) Elimination of the position will directly reduce state revenues or other income by more than would be saved by elimination of the position.

(7) The position is funded entirely from moneys appropriated pursuant to Section 221 of the Food and Agricultural Code, was established with the Controller pursuant to Section 221.1 of the Food and Agricultural Code, and directly responds to unforeseen agricultural circumstances requiring the relative expertise that the position provides.

(d) Each department shall maintain for future independent audit all records on which the department relied in determining that any position or positions satisfied one or more of the criteria specified in paragraphs (1) to (6), inclusive, of subdivision (c).

(e) The only other exceptions to the abolishment required by subdivision (a) are those positions exempt from civil service or those instructional and instruction-related positions authorized for the California State University. No money appropriated by the subsequent Budget Act shall be used to pay the salary of any otherwise authorized state position that is abolished pursuant to this section.

(f) The Controller, no later than September 10 of each fiscal year, shall furnish the Department of Finance in writing a preliminary report of any authorized state positions that were abolished effective on the preceding July 1 pursuant to this section.

(g) The Controller, no later than October 15 of each fiscal year, shall furnish the Joint Legislative Budget Committee and the Department of Finance a final report on all positions that were abolished effective on the preceding July 1.

(h) Departments shall not execute any personnel transactions for the purpose of circumventing the provisions of this section.

(i) Each department shall include a section discussing its compliance with this section when it prepares its report pursuant to Section 13405.

(j) As used in this section, department refers to any department, agency, board, commission, or other organizational unit of state government that is empowered to appoint persons to civil service positions.

(k) This section shall become operative July 1, 2002.

SEC. 11. Section 13310 is added to the Government Code, to read:

13310. (a) It is the intent of the Legislature that the department set statewide fiscal and accounting policies and procedures, and provide adequate fiscal and accounting training, advice, and consulting services to any agency of the state that is authorized or required to handle public money or its equivalent in order to ensure that the state's assets are protected and that accurate and timely financial information is maintained.

(b) To the extent permitted by state law, the department may assess special funds, bond funds, and nongovernmental cost funds in amounts sufficient to support the functions identified in subdivision (a). The director shall determine the amount of the total assessment for each fund periodically. Upon order of the director, the moneys authorized pursuant to this section shall be transferred by the Controller, as needed, from each fund for a total amount not to exceed the amounts authorized in the annual Budget Act.

SEC. 12. Section 15814.45 is added to the Government Code, to read:

15814.45. (a) Any building the state intends to occupy, for which construction commences on and after January 1, 2009, and any renovation to a building the state intends to occupy that commences on or after that date, shall be designed, constructed, and operated, to meet, at a minimum, the applicable standards described in the United States Green Building Council's Leadership in Energy and Environmental Design silver rating.

(b) Any building lease, for which the state shall be the sole tenant, entered into on or after January 1, 2009, that requires major renovation or the construction of a new building on or after that date, shall require the renovation or the building to be designed, constructed, and operated, to meet, at a minimum, the standards described in the United States

Green Building Council's Leadership in Energy and Environmental Design silver rating.

SEC. 13. Section 17555 of the Government Code is amended to read:

17555. (a) Not later than 30 days after hearing and deciding upon a test claim pursuant to subdivision (a) of Section 17551, and determining the amount to be subvended to local agencies and school districts for reimbursement pursuant to subdivision (a) of Section 17557, the commission shall notify the appropriate Senate and Assembly policy and fiscal committees, the Legislative Analyst, the Department of Finance, and the Controller of that decision.

(b) For purposes of this section, the "appropriate policy committee" means the policy committee that has jurisdiction over the subject matter of the statute, regulation, or executive order, and in which bills relating to that subject matter would have been heard.

SEC. 14. Section 17557 of the Government Code is amended to read:

17557. (a) If the commission determines there are costs mandated by the state pursuant to Section 17551, it shall determine the amount to be subvended to local agencies and school districts for reimbursement. In so doing it shall adopt parameters and guidelines for reimbursement of any claims relating to the statute or executive order. The successful test claimants shall submit proposed parameters and guidelines within 30 days of adoption of a statement of decision on a test claim. At the request of a successful test claimant, the commission may provide for one or more extensions of this 30-day period at any time prior to its adoption of the parameters and guidelines. If proposed parameters and guidelines are not submitted within the 30-day period and the commission has not granted an extension, then the commission shall notify the test claimant that the amount of reimbursement the test claimant is entitled to for the first 12 months of incurred costs will be reduced by 20 percent, unless the test claimant can demonstrate to the commission why an extension of the 30-day period is justified.

(b) In adopting parameters and guidelines, the commission may adopt a reasonable reimbursement methodology.

(c) The parameters and guidelines adopted by the commission shall specify the fiscal years for which local agencies and school districts shall be reimbursed for costs incurred. However, the commission may not specify in the parameters and guidelines any fiscal year for which payment could be provided in the annual Budget Act.

(d) A local agency, school district, or the state may file a written request with the commission to amend, modify, or supplement the parameters or guidelines. The commission may, after public notice and hearing, amend, modify, or supplement the parameters and guidelines. A parameters and guidelines amendment submitted within 90 days of

the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A parameters and guidelines amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, and on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year.

(e) A test claim shall be submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. The claimant may thereafter amend the test claim at any time, but before the test claim is set for a hearing, without affecting the original filing date as long as the amendment substantially relates to the original test claim.

(f) In adopting parameters and guidelines, the commission shall consult with the Department of Finance, the affected state agency, the Controller, the fiscal and policy committees of the Assembly and Senate, the Legislative Analyst, and the claimants to consider a reasonable reimbursement methodology that balances accuracy with simplicity.

SEC. 15. Section 17560 of the Government Code is amended to read:
17560. Reimbursement for state-mandated costs may be claimed as follows:

(a) A local agency or school district may file an estimated reimbursement claim by February 15 of the fiscal year in which costs are to be incurred, and, by February 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b).

(b) A local agency or school district may, by February 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.

(c) In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of Section 17558 between November 15 and February 15, a local agency or school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

SEC. 16. Section 17561 of the Government Code is amended to read:
17561. (a) The state shall reimburse each local agency and school district for all "costs mandated by the state," as defined in Section 17514.

(b) (1) For the initial fiscal year during which these costs are incurred, reimbursement funds shall be provided as follows:

(A) Any statute mandating these costs shall provide an appropriation therefor.

(B) Any executive order mandating these costs shall be accompanied by a bill appropriating the funds therefor, or alternatively, an appropriation for these costs shall be included in the Budget Bill for the next succeeding fiscal year. The executive order shall cite that item of appropriation in the Budget Bill or that appropriation in any other bill which is intended to serve as the source from which the Controller may pay the claims of local agencies and school districts.

(2) In subsequent fiscal years appropriations for these costs shall be included in the annual Governor's Budget and in the accompanying Budget Bill. In addition, appropriations to reimburse local agencies and school districts for continuing costs resulting from chaptered bills or executive orders for which claims have been awarded pursuant to subdivision (a) of Section 17551 shall be included in the annual Governor's Budget and in the accompanying Budget Bill.

(c) The amount appropriated to reimburse local agencies and school districts for costs mandated by the state shall be appropriated to the Controller for disbursement.

(d) The Controller shall pay any eligible claim pursuant to this section by August 15 or 15 days after the date the appropriation for the claim is effective, whichever is later. The Controller shall disburse reimbursement funds to local agencies or school districts if the costs of these mandates are not payable to state agencies, or to state agencies that would otherwise collect the costs of these mandates from local agencies or school districts in the form of fees, premiums, or payments. When disbursing reimbursement funds to local agencies or school districts, the Controller shall disburse them as follows:

(1) For initial reimbursement claims, the Controller shall issue claiming instructions to the relevant local agencies and school districts pursuant to Section 17558. Issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the commission.

(A) When claiming instructions are issued by the Controller pursuant to Section 17558 for each mandate determined pursuant to Section 17551 that requires state reimbursement, each local agency or school district to which the mandate is applicable shall submit claims for initial fiscal year costs to the Controller within 120 days of the issuance date for the claiming instructions.

(B) When the commission is requested to review the claiming instructions pursuant to Section 17571, each local agency or school district to which the mandate is applicable shall submit a claim for reimbursement within 120 days after the commission reviews the claiming instructions for reimbursement issued by the Controller.

(C) If the local agency or school district does not submit a claim for reimbursement within the 120-day period, or submits a claim pursuant to revised claiming instructions, it may submit its claim for reimbursement as specified in Section 17560. The Controller shall pay these claims from the funds appropriated therefor, provided that the Controller (i) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, and (ii) may reduce any claim that the Controller determines is excessive or unreasonable.

(2) In subsequent fiscal years each local agency or school district shall submit its claims as specified in Section 17560. The Controller shall pay these claims from funds appropriated therefor, provided that the Controller (A) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, (B) may reduce any claim that the Controller determines is excessive or unreasonable, and (C) shall adjust the payment to correct for any underpayments or overpayments which occurred in previous fiscal years.

(3) When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated costs. All initial reimbursement claims for all fiscal years required to be filed on their initial filing date for a state-mandated local program shall be considered as one claim for the purpose of computing any late claim penalty. Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount that would have been allowed had the claim been timely filed. The Controller may withhold payment of any late claim for initial reimbursement until the next deadline for funded claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid. In no case may a reimbursement claim be paid if submitted more than one year after the filing deadline specified in the Controller's claiming instructions on funded mandates.

(e) (1) Except as specified in paragraph (2), for the purposes of determining the state's payment obligation under paragraph (1) of subdivision (b) of Section 6 of Article XIII B of the Constitution, a mandate that is "determined in a preceding fiscal year to be payable by the state" means all mandates for which the commission adopted a statewide cost estimate pursuant to this part during a previous fiscal year or that were identified as mandates by a predecessor agency to the commission, unless the mandate has been repealed or otherwise eliminated.

(2) If the commission adopts a statewide cost estimate for a mandate during the months of April, May, or June, the state's payment obligation

under subdivision (b) of Section 6 of Article XIII B shall commence one year after the time specified in paragraph (1).

SEC. 17. Section 17561.5 of the Government Code is amended to read:

17561.5. The payment of an initial reimbursement claim by the Controller shall include accrued interest at the Pooled Money Investment Account rate, if the payment is being made more than 365 days after adoption of the statewide cost estimate for an initial claim. Interest shall begin to accrue as of the 366th day after adoption of the statewide cost estimate for the initial claim. Payment of a subsequent claim that was reported to the Legislature pursuant to paragraph (2) of subdivision (b) of Section 17562 shall include accrued interest at the Pooled Money Investment Account rate for any unpaid amount remaining on August 15 following the filing deadline. Interest shall begin to accrue on August 16 following the filing deadline.

SEC. 18. Section 17562 of the Government Code is amended to read:

17562. (a) The Legislature hereby finds and declares that the increasing revenue constraints on state and local government and the increasing costs of financing state-mandated local programs make evaluation of state-mandated local programs imperative. Accordingly, it is the intent of the Legislature to increase information regarding state mandates and establish a method for regularly reviewing the costs and benefits of state-mandated local programs.

(b) (1) The Controller shall submit a report to the Joint Legislative Budget Committee and fiscal committees by October 31 of each fiscal year beginning with the 2007–08 fiscal year. This report shall summarize, by state mandate, the total amount of claims paid per fiscal year and the amount, if any, of mandate deficiencies or surpluses. This report shall be made available in an electronic spreadsheet format. The report shall compare the estimated annual cost of each mandate in the preceding fiscal year to the amount determined to be payable by the state for that fiscal year.

(2) The Controller shall submit a report to the Joint Legislative Budget Committee, the applicable fiscal committees, and the Director of Finance by April 30 of each fiscal year. This report shall summarize, by state mandate, the total amount of unpaid claims by fiscal year that were submitted before April 1 of that fiscal year. The report shall also summarize any mandate deficiencies or surpluses. It shall be made available in an electronic spreadsheet, and shall be used for the purpose of determining the state's payment obligation under paragraph (1) of subdivision (b) of Section 6 of Article XIII B of the California Constitution.

(c) After the commission submits its second semiannual report to the Legislature pursuant to Section 17600, the Legislative Analyst shall submit a report to the Joint Legislative Budget Committee and legislative fiscal committees on the mandates included in the commission's reports. The report shall make recommendations as to whether the mandate should be repealed, funded, suspended, or modified.

(d) In its annual analysis of the Budget Bill and based on information provided pursuant to subdivision (b), the Legislative Analyst shall report total annual state costs for mandated programs and, as appropriate, provide an analysis of specific mandates and make recommendations on whether the mandate should be repealed, funded, suspended, or modified.

(e) (1) A statewide association of local agencies or school districts or a Member of the Legislature may submit a proposal to the Legislature recommending the elimination or modification of a state-mandated local program. To make such a proposal, the association or member shall submit a letter to the Chairs of the Assembly Committee on Education or the Assembly Committee on Local Government, as the case may be, and the Senate Committee on Education or the Senate Committee on Local Government, as the case may be, specifying the mandate and the concerns and recommendations regarding the mandate. The association or member shall include in the proposal all information relevant to the conclusions. If the chairs of the committees desire additional analysis of the submitted proposal, the chairs may refer the proposal to the Legislative Analyst for review and comment. The chairs of the committees may refer up to a total of 10 of these proposals to the Legislative Analyst for review in any year. Referrals shall be submitted to the Legislative Analyst by December 1 of each year.

(2) The Legislative Analyst shall review and report to the Legislature with regard to each proposal that is referred to the office pursuant to paragraph (1). The Legislative Analyst shall recommend that the Legislature adopt, reject, or modify the proposal. The report and recommendations shall be submitted annually to the Legislature by March 1 of the year subsequent to the year in which referrals are submitted to the Legislative Analyst.

(3) The Department of Finance shall review all statutes enacted each year that contain provisions making inoperative Section 17561 or Section 17565 that have resulted in costs or revenue losses mandated by the state that were not identified when the statute was enacted. The review shall identify the costs or revenue losses involved in complying with the statutes. The Department of Finance shall also review all statutes enacted each year that may result in cost savings authorized by the state. The Department of Finance shall submit an annual report of the review

required by this subdivision, together with the recommendations as it may deem appropriate, by December 1 of each year.

(f) It is the intent of the Legislature that the Assembly Committee on Local Government and the Senate Committee on Local Government hold a joint hearing each year regarding the following:

(1) The reports and recommendations submitted pursuant to subdivision (e).

(2) The reports submitted pursuant to Sections 17570, 17600, and 17601.

(3) Legislation to continue, eliminate, or modify any provision of law reviewed pursuant to this subdivision. The legislation may be by subject area or by year or years of enactment.

SEC. 19. Section 17567 of the Government Code is amended to read: 17567. In the event that the amount appropriated for reimbursement purposes pursuant to Section 17561 is not sufficient to pay all of the claims approved by the Controller, the Controller shall prorate claims in proportion to the dollar amount of approved claims timely filed and on hand at the time of proration. The Controller shall adjust prorated claims if supplementary funds are appropriated for this purpose.

In the event that the Controller finds it necessary to prorate claims as provided by this section, the Controller shall immediately report this action to the Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act.

SEC. 20. Section 17568 of the Government Code is amended to read: 17568. If a local agency or school district submits an otherwise valid reimbursement claim to the Controller after the deadline specified in Section 17560, the Controller shall reduce the reimbursement claim in an amount equal to 10 percent of the amount which would have been allowed had the reimbursement claim been timely filed, provided that the amount of this reduction shall not exceed ten thousand dollars (\$10,000). In no case shall a reimbursement claim be paid which is submitted more than one year after the deadline specified in Section 17560. Estimated claims which were filed by the deadline specified in that section shall be paid in full before payments are made on estimated claims filed after the deadline. In the event the amount appropriated to the Controller for reimbursement purposes is not sufficient to pay the estimated claims approved by the Controller, the Controller shall prorate those claims in proportion to the dollar amount of approved claims filed after the deadline and shall report to the Legislature in the same manner

as described in Section 17567 in order to assure appropriation of funds sufficient to pay those claims.

SEC. 21. Section 17570 of the Government Code is repealed.

SEC. 22. Section 17612 of the Government Code is amended to read:

17612. (a) Upon receipt of the report submitted by the commission pursuant to Section 17600, funding shall be provided in the subsequent Budget Act for costs incurred in prior years. No funding shall be provided for years in which a mandate is suspended.

(b) The Legislature may amend, modify, or supplement the parameters and guidelines for mandates contained in the annual Budget Act. If the Legislature amends, modifies, or supplements the parameters and guidelines, it shall make a declaration in separate legislation specifying the basis for the amendment, modification, or supplement.

(c) If the Legislature deletes from the annual Budget Act funding for a mandate, the local agency or school district may file in the Superior Court of the County of Sacramento an action in declaratory relief to declare the mandate unenforceable and enjoin its enforcement for that fiscal year.

SEC. 23. Section 19822.3 of the Government Code is amended to read:

19822.3. (a) All state agencies shall implement and use the California Automated Travel Expense Reimbursement System (CalATERS) to automate processing of employee travel claims by July 1, 2009, unless the Controller recommends, and the Department of Finance approves, an exemption request. To request an exemption, a department or agency shall submit documentation to the Controller no later than July 1, 2007, to substantiate that the implementation of CalATERS is not feasible or cost-effective for that department or agency. The Department of Finance and the Controller shall jointly report to the Joint Legislative Budget Committee, not later than February 1, 2008, on the exemptions that have been approved and the bases for the exemptions.

(b) Payments for the services of the Controller to implement this section shall be made by direct transfer as described in Section 11255. The total transfer shall not exceed the reimbursement expenditure authority provided to the Controller for CalATERS pursuant to the annual Budget Act, as adjusted by subsequent budget revisions approved by the Department of Finance.

SEC. 24. Section 22910 of the Government Code is amended to read:

22910. (a) There shall be maintained in the State Treasury the Public Employees' Contingency Reserve Fund. The board may invest funds in the Public Employees' Contingency Reserve Fund in accordance with the provisions of law governing its investment of the retirement fund.

(b) (1) An account shall be maintained within the Public Employees' Contingency Reserve Fund with respect to the health benefit plans the board has approved or that have entered into a contract with the board. The account shall be credited, from time to time and in amounts as determined by the board, with moneys contributed under Section 22885 or 22901 to provide an adequate contingency reserve. The income derived from any dividends, rate adjustments, or other funds received from a health benefit plan shall be credited to the account. The board may deposit, in the same manner as provided in paragraph (4), up to one-half of 1 percent of premiums in the account for purposes of cost containment programs, subject to approval as provided in paragraph (2) of subdivision (c).

(2) The account for health benefit plans may be utilized to defray increases in future rates, to reduce the contributions of employees and annuitants and employers, to implement cost containment programs, or to increase the benefits provided by a health benefit plan, as determined by the board. The board may use penalties and interest deposited pursuant to subdivision (c) of Section 22899 to pay any difference between the adjusted rate set by the board pursuant to Section 22864 and the applicable health benefit plan contract rates.

(3) The total credited to the account for health benefit plans at any time shall be limited, in the manner and to the extent the board may find to be most practical, to a maximum of 10 percent of the total of the contributions of the employers and employees and annuitants in any fiscal year. The board may undertake any action to ensure that the maximum amount prescribed for the fund is approximately maintained.

(4) Board rules and regulations adopted pursuant to Section 22831 to minimize the impact of adverse selection or contracts entered into pursuant to Section 22864 to implement health benefit plan performance incentives may provide for deposit in and disbursement to carriers or to Medicare from the account the portion of the contributions otherwise payable directly to the carriers by the Controller under Section 22913 as may be required for that purpose. The deposits may not be included in applying the limitations, prescribed in paragraph (3), on total amounts that may be deposited in or credited to the fund.

(5) Notwithstanding Section 13340, all moneys in the account for health benefit plans are continuously appropriated without regard to fiscal year for the purposes provided in this subdivision.

(c) (1) An account shall also be maintained in the Public Employees' Contingency Reserve Fund for administrative expenses consisting of funds deposited for this purpose pursuant to Sections 22885 and 22901.

(2) The moneys deposited pursuant to Sections 22885 and 22901 in the Public Employees' Contingency Reserve Fund may be expended by

the board for administrative purposes, provided that the expenditure is approved by the Department of Finance and the Joint Legislative Budget Committee in the manner provided in the Budget Act for obtaining authorization to expend at rates requiring a deficiency appropriation, regardless of whether the expenses were anticipated.

(d) An account shall be maintained in the Public Employees' Contingency Reserve Fund for health plan premiums paid by contracting agencies, including payments made pursuant to subdivision (f) of Section 22850. Notwithstanding Section 13340, the funds are continuously appropriated, without regard to fiscal year, for the payment of premiums or other charges to carriers or the Public Employees' Health Care Fund. Penalties and interest paid pursuant to subdivision (c) of Section 22899 shall be deposited in the account pursuant to paragraphs (1) and (2) of subdivision (b).

(e) Accounts shall be maintained in the Public Employees' Contingency Reserve Fund for complementary annuitant premiums and related administrative expenses paid by annuitants pursuant to Section 22802. Notwithstanding Section 13340, the funds are continuously appropriated, without regard to fiscal year, to reimburse the Public Employees' Retirement Fund for payment of annuitant health premiums, and for the payment of premiums and other charges to carriers or to the Public Employees' Health Care Fund. Administrative expenses deposited in this account shall be credited to the account provided by subdivision (c).

(f) Amounts received by the board for retiree drug subsidy payments that are attributed to contracting agencies and their annuitants and employees pursuant to subdivision (c) of Section 22910.5 shall be deposited in the Public Employees' Contingency Reserve Fund. Notwithstanding Section 13340, these amounts are continuously appropriated, without regard to fiscal year, for the payment of premiums, costs, contributions, or other benefits related to contracting agencies and their employees and annuitants, and as consistent with the Medicare Prescription Drug Improvement and Modernization Act, as amended.

(g) The Account for Retiree Drug Subsidy Payments is hereby established in the Public Employees' Contingency Reserve Fund and funds in that account shall, upon appropriation by the Legislature, be used for the purposes described in Section 22910.5.

SEC. 25. Section 22910.5 is added to the Government Code, to read:
22910.5. (a) For purposes of this section, the following definitions shall apply:

- (1) "Local annuitant" means an annuitant other than a state annuitant.
- (2) "Local employee" means an employee other than a state employee.

(3) "Retiree drug subsidy" means those amounts described in Section 423.886 of Title 42 of the Code of Federal Regulations.

(4) "State annuitant" means an annuitant who is retired from service with the state, including the California State University.

(5) "State employee" means an employee who is in the employment of the state, including the California State University.

(b) For purposes of applying for and receiving funds as part of a retiree drug subsidy, the board is designated as the sponsor of a qualified retiree prescription drug plan for a state or contracting agency plan, or a related plan, or an individual if both of the following apply:

(1) The system applies for a retiree drug subsidy related to the plan or individual.

(2) The system meets the definition of a plan sponsor as described in Section 1395w-132(c) of Title 42 of the United States Code.

(c) When the board performs the duties described in subdivision (b) related to, or applies for funds attributable to, a retiree drug subsidy for a contracting agency plan, local annuitant, or local employee, the board shall take all necessary steps to ensure that any funds received by the board shall be deposited in the Public Employees' Contingency Reserve Fund as described in subdivision (f) of Section 22910.

(d) When the board performs the duties described in subdivision (b) related to, or applies for funds attributable to, a retiree drug subsidy for a state plan, state annuitant, state employee, or state employee association health benefit plan, the board shall take all necessary steps to deposit these funds in the Account for Retiree Drug Subsidy Payments as described in subdivision (g) of Section 22910.

(e) Notwithstanding any other law, all funds received by the board as a result of a retiree drug subsidy application attributable to a state employee or state annuitant, or the eligible dependent, beneficiary, or similarly situated person of that state employee or state annuitant, shall be deposited in the Account for Retiree Drug Subsidy Payments, as described in subdivision (g) of Section 22910.

(f) Notwithstanding any other law, funds from the Account for Retiree Drug Subsidy Payments that is maintained in the Public Employees' Contingency Reserve Fund shall be appropriated by the Legislature in the annual Budget Act for the purposes described in this section. The Legislature shall, in the annual Budget Act, specify how these funds are to be used, consistent with the federal Medicare Prescription Drug Improvement and Modernization Act, as amended, including the following purposes:

(1) Reducing the contributions by the state from the General Fund or other funds in the State Treasury for health benefits that include prescription drug benefits for state annuitants.

(2) Reducing contributions by state annuitants for their health benefits that include prescription drug benefits.

(3) Defraying increases in future employer or state annuitant health benefit or prescription drug rates.

(4) Implementing cost containment programs related to state annuitant health benefits that include prescription drug benefits.

(5) Increasing state annuitant health benefits or prescription drug benefits.

SEC. 26. Section 25297.3 of the Health and Safety Code is amended to read:

25297.3. (a) The Leaking Underground Storage Tank Cost Recovery Fund is hereby created in the General Fund and the money in the fund may be expended, upon appropriation by the Legislature, for the purposes specified in subdivisions (c), (d), and (e).

(b) All of the following amounts shall be deposited in the Leaking Underground Storage Tank Cost Recovery Fund:

(1) All money recovered pursuant to the federal act for purposes of this chapter.

(2) Notwithstanding Section 16475 of the Government Code, all interest earned upon any money deposited in the Leaking Underground Storage Tank Cost Recovery Fund.

(3) Upon receipt of a written request from the board, the Controller shall transfer to the Leaking Underground Storage Tank Cost Recovery Fund the cash balance of the account in the Special Deposit Fund, as specified in Section 16370 of the Government Code, in which is deposited all money recovered pursuant to the federal act.

(c) The board may expend the money in the Leaking Underground Storage Tank Cost Recovery Fund for the purpose of taking any of the following actions with respect to underground storage tanks containing petroleum, as defined in the federal act:

(1) Enforcement activities.

(2) Corrective action and oversight.

(3) Cost recovery.

(4) Relocation of residents and provision of water supplies.

(5) Exposure assessments.

(d) The board may expend the money in the Leaking Underground Storage Tank Cost Recovery Fund for administrative expenses related to carrying out the activities specified in subdivision (c).

(e) The Controller may expend money in the Leaking Underground Storage Tank Cost Recovery Fund, upon appropriation by the Legislature, for the costs that are incurred on behalf of the Controller for corrective action, as defined in Section 25299.14, at the site located at 622 East Lindsay in the City of Stockton.

(f) After the corrective action at the site specified in subdivision (e) is complete, in accordance with a uniform closure letter issued pursuant to subdivision (g) of Section 25296.10, all unencumbered funds in the Leaking Underground Storage Tank Fund, and all net proceeds from the sale or other disposition of the site made on behalf of the Controller, shall be transferred to the Underground Storage Tank Cleanup Fund.

SEC. 27. Section 53545.12 is added to the Health and Safety Code, to read:

53545.12. For the purposes of the grant program established in Section 53545.13, the following definitions apply:

(a) "Capital improvement project" means the construction, rehabilitation, demolition, relocation, preservation, acquisition, or other physical improvement of a capital asset, as defined in subdivision (a) of Section 16727 of the Government Code, that is an integral part of, or necessary to facilitate the development of, a qualified infill project or qualified infill area. Capital improvement projects that may be funded under the grant program established by this act include, but are not limited to, those related to all of the following:

(1) The creation, development, or rehabilitation of parks or open space.

(2) Water, sewer, or other utility service improvements.

(3) Streets and roads, parking structures, or transit linkages and facilities, including, but not limited to, related access plazas or pathways, or bus and transit shelters.

(4) Facilities that support pedestrian or bicycle transit.

(5) Traffic mitigation.

(6) Qualifying infill project or qualifying infill area site preparation or demolition.

(7) Sidewalk or streetscape improvements, including, but not limited to, the reconstruction or resurfacing of sidewalks and streets or the installation of lighting, signage, or other related amenities.

(b) "Department" means the Department of Housing and Community Development.

(c) "Eligible applicant" means either, or a combination, of the following:

(1) A nonprofit or for-profit developer of a qualifying infill project.

(2) A city, county, city and county, public housing authority, or redevelopment agency that has jurisdiction over a qualifying infill area.

(d) "Qualifying infill area" means a contiguous area located within an urbanized area (1) that has been previously developed, or where at least 75 percent of the perimeter of the area adjoins parcels that are developed with urban uses, and (2) in which at least one development application has been approved or is pending approval for a residential

or mixed-use residential project that meets the definition and criteria in this section for a qualified infill project.

(e) (1) "Qualifying infill project" means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(2) A property is adjoining the side of a project site if the property is separated from the project site only by an improved public right-of-way.

(f) "Urbanized area" means an incorporated city or an urbanized area or urban cluster as defined by the United States Census Bureau. For unincorporated areas outside of an urban area or urban cluster, the area must be within a designated urban service area that is designated in the local general plan for urban development and is served by the public sewer and water.

(g) "Urban uses" mean any residential, commercial, industrial, public institutional, transit or transportation passenger facility, or retail use, or any combination of those uses.

SEC. 28. Section 53545.13 is added to the Health and Safety Code, to read:

53545.13. (a) The Infill Incentive Grant Program of 2007 is hereby established to be administered by the department.

(b) Upon appropriation of funds by the Legislature for the purpose of implementing paragraph (1) of subdivision (b) of Section 53545, the department shall establish and administer a competitive grant program to allocate those funds to selected capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or a qualifying infill area.

(c) A qualifying infill project or qualifying infill area for which a capital improvement project grant may be awarded shall meet all of the following conditions:

(1) Be located in a city, county, or city and county, in which the general plan of the city, county, or city and county, has an adopted housing element that has been found by the department, pursuant to Section 65585 of the Government Code, 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.

(2) Include not less than 15 percent of affordable units, as follows:

(A) For projects that contain both rental and ownership units, units of either or both product types may be included in the calculation of the affordability criteria.

(B) (i) To the extent included in a project grant application, for the purpose of calculating the percentage of affordable units, the department

may consider the entire master development in which the development seeking grant funding is included.

(ii) Where applicable, an applicant may include a replacement housing plan to ensure that dwelling units housing persons and families of low or moderate income are not removed from the low and moderate income housing market. Residential units to be replaced may not be counted toward meeting the affordability threshold required for eligibility for funding under this section.

(C) For the purposes of this subdivision, “affordable unit” means a unit that is made available at an affordable rent, as defined in Section 50053, to a household earning no more than 60 percent of the area median income or at an affordable housing cost, as defined in Section 50052.5, to a household earning no more than 120 percent of the area median income. Rental units shall be subject to a recorded covenant that ensures affordability for at least 55 years. Ownership units shall initially be sold to and occupied by a qualified household, and subject to a recorded covenant that includes either a resale restriction for at least 30 years or equity sharing upon resale.

(D) Notwithstanding subparagraph (C), a qualifying infill project or qualifying infill area for which a disposition and development agreement or other project- or area-specific agreement between the developer and the local agency having jurisdiction over the project has been executed on or before the effective date of the act adding this section, shall be deemed to meet the affordability requirement of this paragraph if the agreement includes affordability covenants that subject the project or area to the production of affordable units for very low, low-, or moderate-income households.

(3) Include average residential densities on the parcels to be developed that are equal to or greater than the densities described in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code, except that a project located in a rural area as defined in Section 50199.21 shall include average residential densities on the parcels to be developed of at least 10 units per acre.

(4) Be located in an area designated for mixed-use or residential development pursuant to one of the following adopted plans:

(A) A general plan adopted pursuant to Section 65300 of the Government Code.

(B) A project area redevelopment plan approved pursuant to Section 33330.

(C) A regional blueprint plan as defined in the California Regional Blueprint Planning Program administered by the Business, Transportation and Housing Agency, or a regional plan as defined in Section 65060.7 of the Government Code.

(5) For qualifying infill projects or qualifying infill areas located in a redevelopment project area, meet the requirements contained in subdivision (a) of Section 33413.

(d) In its review and ranking of applications for the award of capital improvement project grants, the department shall rank the affected qualifying infill projects and qualifying infill areas based on the following priorities:

(1) Project readiness, which shall include all of the following:

(A) A demonstration that the project or area development can complete environmental review and secure necessary entitlements from the local jurisdiction within a reasonable period of time following the submittal of a grant application.

(B) A demonstration that the eligible applicant can secure sufficient funding commitments derived from sources other than this part for the timely development of a qualifying infill project or development of a qualifying infill area.

(C) A demonstration that the project or area development has sufficient local support to achieve the proposed improvement.

(2) The depth and duration of the affordability of the housing proposed for a qualifying infill project or qualifying infill area.

(3) The extent to which the average residential densities on the parcels to be developed exceed the density standards contained in paragraph (3) of subdivision (c).

(4) The qualifying infill project's or qualifying infill area's inclusion of, or proximity or accessibility to, a transit station or major transit stop.

(5) The proximity of housing to parks, employment or retail centers, schools, or social services.

(6) The qualifying infill project or qualifying infill area location's consistency with an adopted regional blueprint plan or other adopted regional growth plan intended to foster efficient land use.

(e) In allocating funds pursuant to this section, the department, to the maximum extent feasible, shall ensure a reasonable geographic distribution of funds.

(f) Funds awarded pursuant to this section shall supplement, not supplant, other available funding.

(g) (1) The department shall adopt guidelines for the operation of the grant program, including guidelines to ensure the tax exempt status of the bonds issued pursuant to this part, and may administer the program under those guidelines.

(2) The guidelines shall include provisions for the reversion of grant awards that are not encumbered within four years of the fiscal year in which an award was made, and for the recapture of grants awarded, but for which development of the related housing units has not progressed

in a reasonable period of time from the date of the grant award, as determined by the department.

(3) The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

(h) For each fiscal year within the duration of the grant program, the department shall include within the report to the Legislature, required by Section 50408, information on its activities relating to the grant program. The report shall include, but is not limited to, the following information:

(1) A summary of the projects that received grants under the program for each fiscal year that grants were awarded.

(2) The description, location, and estimated date of completion for each project that received a grant award under the program.

(3) An update on the status of each project that received a grant award under the program, and the number of housing units created or facilitated by the program.

SEC. 29. Section 53545.14 is added to the Health and Safety Code, to read:

53545.14. (a) Upon appropriation of funds by the Legislature for purposes of implementing paragraph (2) of subdivision (b) of Section 53545, the California Pollution Control Financing Authority, in consultation with the Department of Housing and Community Development, shall administer loans or grants under the California Recycle Underutilized Sites (CALReUSE) program established under Article 9 (commencing with Section 8090) of Division 11 of Title 4 of the California Code of Regulations, for the purpose of brownfield cleanup that promotes infill residential and mixed-used development, consistent with regional and local land use plans.

(b) For each fiscal year covering the duration of the program, the authority shall include within its report to the Legislature, pursuant to Section 44525.7, information on its activities relating to the program. At a minimum, the report shall include a summary of the projects that receive loans or grants pursuant to this section for each fiscal year loans or grants are awarded. The report shall include the description, location and estimation of completion for each recipient project. The report shall also include an update on the status of each project and the number of infill housing units facilitated by the program.

SEC. 30. Section 7314 of the Labor Code is amended to read:

7314. (a) The division may fix and collect fees for the inspection of conveyances as it deems necessary to cover the actual costs of having the inspection performed by a division safety engineer, including administrative costs, and the costs related to regulatory development as

required by Section 7323. An additional fee may, in the discretion of the division, be charged for necessary subsequent inspections to determine if applicable safety orders have been complied with. The division may fix and collect fees for field consultations regarding conveyances as it deems necessary to cover the actual costs of the time spent in the consultation by a division safety engineer, including administrative and travel expenses.

(b) Notwithstanding Section 6103 of the Government Code, the division may collect the fees authorized by subdivision (a) from the state or any county, city, district, or other political subdivision.

(c) Whenever a person owning or having the custody, management, or operation of a conveyance fails to pay the fees required under this chapter within 60 days after the date of notification, he or she shall pay, in addition to the fees required under this chapter, a penalty fee equal to 100 percent of the fee. Failure to pay fees within 60 days after the date of notification constitutes cause for the division to prohibit use of the conveyance.

(d) Any fees required pursuant to this section shall be set forth in regulations that shall be adopted as emergency regulations. These emergency regulations shall not be subject to the review and approval of the Office of Administrative Law pursuant to the provisions of the Administrative Procedure Act provided for in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. These regulations shall become effective immediately upon filing with the Secretary of State.

(e) For purposes of this section, the date of the invoice assessing a fee pursuant to this section shall be considered the date of notification.

SEC. 31. Section 7350 of the Labor Code is amended to read:

7350. (a) The division may fix and collect fees for the inspection of aerial passenger tramways as it deems necessary to cover the actual cost of having the inspection performed by a division safety engineer. The division may not charge for inspections performed by certified insurance inspectors, but may charge a fee of not more than ten dollars (\$10) to cover the cost of processing the permit when issued by the division as a result of the inspection. Notwithstanding Section 6103 of the Government Code, the division may collect the fees authorized by this section from the state or any county, city, district, or other political subdivision.

(b) Whenever a person owning or having custody, management, or operation of an aerial passenger tramway fails to pay any fee required under this chapter within 60 days after the date of notification by the division, the division shall assess a penalty fee equal to 100 percent of

the initial fee. For purposes of this section, the date of the invoice fixing the fee shall be considered the date of notification.

SEC. 32. Section 7352 of the Labor Code is amended to read:

7352. All fees collected by the division under this chapter shall be deposited into the Elevator Safety Account to support the division's aerial passenger tramway inspection program.

SEC. 33. Section 7904 of the Labor Code is amended to read:

7904. (a) The division may fix and collect fees for the inspection of amusement rides that it deems necessary to cover the actual cost of having the inspection performed by a division safety engineer. The division may not charge for inspections performed by certified insurance inspectors or an inspector for a public entity, but may charge a fee of not more than ten dollars (\$10) to cover the cost of processing the permit when issued by the division as a result of the inspection. All fees collected by the division under this section shall be deposited into the Elevator Safety Account to support the division's portable amusement ride inspection program.

(b) The division shall annually prepare and submit to the Division of Fairs and Expositions within the Department of Food and Agriculture, a report summarizing all inspections of amusement rides and accidents occurring on amusement rides. This annual report shall also contain all route location information submitted to the division by permit applicants.

SEC. 34. Section 7929 of the Labor Code is amended to read:

7929. (a) The division may fix and collect all fees necessary to cover the cost of administering this part. Fees shall be charged to a person or entity receiving the division's services as provided by this part or by regulations adopted pursuant to this part, including, but not limited to, approvals, determinations, certifications and recertifications, receipt and review of certificates, and inspections. In fixing the amount of these fees, the division may include a reasonable percentage attributable to the general cost of the division for administering this part. Notwithstanding Section 6103 of the Government Code, the division may collect these fees from the state or any county, city, district, or other political subdivision.

(b) Effective June 30, 2007, all fees collected pursuant to this section shall be deposited into the Elevator Safety Account to support the Permanent Amusement Ride Safety Inspection Program. All moneys in the Permanent Amusement Ride Safety Inspection Fund as of that date shall be transferred to the Elevator Safety Account to be used for the same purpose, and any outstanding liabilities and encumbrances of the fund shall become liabilities and encumbrances payable from the Elevator Safety Account.

SEC. 35. Section 7929.5 of the Labor Code is amended to read:

7929.5. (a) The Permanent Amusement Ride Inspection Fund is hereby created as a special account in the State Treasury. Proceeds of the fund may be expended by the Department of Industrial Relations, upon appropriation by the Legislature, for the costs of the Permanent Amusement Ride Inspection Program established pursuant to Part 8.1 (commencing with Section 7920) of Division 5 of the Labor Code, and shall not be used for any other purpose.

(b) The fund shall consist of the fees collected pursuant to Section 7929.

(c) This section shall become inoperative on June 30, 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. 36. Section 13823.17 of the Penal Code is amended to read:

13823.17. (a) The Legislature finds the problem of domestic violence in the gay, lesbian, bisexual, and transgender community to be of serious and increasing magnitude. The Legislature also finds that existing domestic violence services for this population are underfunded and that members of this population are unserved or underserved in the state. Therefore, it is the intent of the Legislature that a goal or purpose of the Office of Emergency Services (OES) shall be to increase access to culturally appropriate domestic violence education, prevention, and services for the gay, lesbian, bisexual, and transgender community.

(b) The goal of this section is to establish a targeted or directed grant program for the development and support of domestic violence programs and services for the gay, lesbian, bisexual, and transgender community. The OES shall use funds from the Equality in Prevention and Services for Domestic Abuse Fund to award up to four grants annually to qualifying organizations, with at least one in southern California and one in northern California, to fund domestic violence programs and services including, but not limited to, all of the following:

- (1) Twenty-four-hour crisis hotlines.
- (2) Counseling.
- (3) Court and social service advocacy.
- (4) Legal assistance with temporary restraining orders, devices, and custody disputes.
- (5) Community resource and referral.
- (6) Household establishment assistance.
- (7) Emergency housing.
- (8) Educational workshops and publications.

(c) Each grant shall be awarded for a three-year term for the purposes of this section.

(d) In order to qualify for a grant award under this section, the recipient shall be a California nonprofit organization with a demonstrated history of working in the area of domestic violence education and prevention and serving the lesbian, gay, bisexual, and transgender community.

(e) The funding process for distributing grant awards to qualifying organizations shall be administered by the OES as follows:

(1) Grants that were not funded in the previous cycle shall be awarded to qualifying organizations as a result of a competitive request for proposal (RFP) process. The RFP process shall comply with all applicable state and federal statutes and to the extent possible, the response to the RFP shall not exceed 15 narrative pages, excluding attachments.

(2) The following criteria shall be used to evaluate grant proposals:

(A) Whether the proposed program or services would further the purpose of promoting healthy, nonviolent relationships in the lesbian, gay, bisexual and transgender community.

(B) Whether the proposed program or services would reach a significant number of people in and have the support of the lesbian, gay, bisexual, and transgender community.

(C) Whether the proposed program or services are grounded in a firm understanding of domestic violence and represent an innovative approach to addressing the issue.

(D) Whether the proposed program or services would reach unique and underserved sectors of the lesbian, gay, bisexual, and transgender community, such as youth, people of color, immigrants, and transgender persons.

(3) Grant funds shall not be used to support any of the following:

(A) Scholarships.

(B) Awards to individuals.

(C) Out-of-state travel.

(D) Projects that are substantially completed before the anticipated date of the grant award.

(E) Fundraising activities.

(4) Organizations reapplying for grants shall not be subject to a competitive grant process, but shall be subject to a request for application (RFA) process. The RFA process shall consist in part of an assessment of the past performance history of the organization in relation to the standards established by this section. The response to the RFA shall not exceed 10 narrative pages, excluding attachments.

(5) Any organization funded through this program in the previous grant cycle shall be funded upon reapplication, unless, pursuant to the assessment required under the RFA process, its past performance history fails to meet the standards established by this section.

(f) Grant recipients may seek, receive, and make use of any funds which may be available from all public and private sources to augment any funds received pursuant to this section.

(g) The OES may adopt rules as necessary to implement the grant program created under this section.

(h) The OES may hire the support staff and utilize all resources necessary to carry out the purposes of this section.

(i) For purposes of this section, “domestic violence” means the infliction or threat of physical harm against past or present adult or adolescent intimate partners, including physical, sexual, and psychological abuse against the person, and is a part of a pattern of assaultive, coercive, and controlling behaviors directed at achieving compliance from or control over that person.

SEC. 37. As of June 30, 2007, or upon enactment of this act, whichever is later, the Agricultural Pest Control Research Account in the Department of Food and Agriculture Fund is abolished and all moneys in the account shall be transferred to the Transportation Planning and Development Account in the State Transportation Fund. As of that date, any outstanding liabilities and encumbrances of the Agricultural Pest Control Research Account shall become payable from the Transportation Planning and Development Account.

SEC. 38. It is the intent of the Legislature that appropriations for the expenditure of funds deposited in the Regional Planning, Housing, and Infill Incentive Account established under subdivision (b) of Section 53545 of the Health and Safety Code be made to achieve the following policy objectives:

(a) To encourage the development of high density infill housing and mixed-use development for all levels of income at locations near job centers and transit stations, thereby reducing vehicle trips, commute times, vehicle miles traveled, and vehicle emissions.

(b) To invest in established, urban neighborhoods by producing new housing and improving related neighborhood infrastructure, such as city streets, parks, and sewer and utility hookups, cleaning up brownfield sites, and furthering other similar or related purposes.

(c) To provide sustainable communities and affordable housing.

(d) To protect the state’s rich agricultural farmland, open spaces, and sensitive habitat.

(e) To promote the reuse and recycling of previously developed and passed over land in urban areas, with a focus on environmentally distressed properties, or what are more commonly known as brownfields.

(f) To reward projects that are consistent with regional and local planning processes and accomplish any of the following:

- (1) Improve mobility and reduce dependency on single-occupant vehicle trips.
- (2) Accommodate an adequate supply of housing for all income levels.
- (3) Reduce impacts on valuable habitat, productive farmland, and air quality.
- (4) Conserve resources such as energy and water.
- (5) Revitalize existing neighborhoods.

SEC. 39. Of the amount appropriated in Item 2240-101-6069 of Section 2.00 of the Budget Act of 2007, the following allocations shall be made as follows:

(a) Two hundred-forty million dollars (\$240,000,000), shall be made available in the 2007–08 fiscal year for the grant program established in Section 53545.13 of the Health and Safety Code, as added by Section 28 of this act.

(b) Sixty million dollars (\$60,000,000), shall be made available in the 2007–08 fiscal year for the loan and grant program established in Section 53545.14 of the Health and Safety Code, as added by Section 29 of this act.

SEC. 40. 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.

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 2007 at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 180

An act to amend Sections 441 and 452 of, to add Section 5368 to, to add Article 7 (commencing with Section 1160) to Chapter 5 of Part 2 of Division 1 of, and to repeal Section 17052.2 of, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. The Legislature finds and declares the following:

(a) A substantial portion of business aviation aircraft is now owned and operated under fractional ownership programs.

(b) Aircraft in fractional ownership programs have a significant presence in California.

(c) The size of some fractional ownership program fleets is quite large and the mix of ownership interests and unscheduled usage imposes a significant burden on both taxpayers and county assessors to assess and tax these fleets on an aircraft-by-aircraft basis; in order to reduce this burden, a simplified assessment approach is warranted.

(d) Section 1 of Article XIII of the California Constitution specifies that all nonexempt property is taxable. Therefore, fractionally owned aircraft are constitutionally required to be assessed.

(e) The purpose of Sections 2 and 4 of this act is to establish a simplified procedure for assessing fractionally owned aircraft that is appropriate and fair, that allocates assessed value among counties in a reasonable manner, and that reduces the administrative burden on taxpayers and county assessors.

SEC. 2. Section 441 of the Revenue and Taxation Code is amended to read:

441. (a) Each person owning taxable personal property, other than a manufactured home subject to Part 13 (commencing with Section 5800), having an aggregate cost of one hundred thousand dollars (\$100,000) or more for any assessment year shall file a signed property statement with the assessor. Every person owning personal property that does not require the filing of a property statement or real property shall, upon request of the assessor, file a signed property statement. Failure of the assessor to request or secure the property statement does not render any assessment invalid.

(b) The property statement shall be declared to be true under the penalty of perjury and filed annually with the assessor between the lien date and 5 p.m. on April 1. The penalty provided by Section 463 applies for property statements not filed by May 7. If May 7 falls on a Saturday, Sunday, or legal holiday, a property statement that is mailed and postmarked on the next business day shall be deemed to have been filed between the lien date and 5 p.m. on May 7. If, on the dates specified in this subdivision, the county's offices are closed for the entire day, that day is considered a legal holiday for purposes of this section.

(c) The property statement may be filed with the assessor through the United States mail, properly addressed with postage prepaid. For purposes of determining the date upon which the property statement is deemed

filed with the assessor, the date of postmark as affixed by the United States Postal Service, or the date certified by a bona fide private courier service on the envelope containing the application, shall control. This subdivision shall be applicable to every taxing agency, including, but not limited to, a chartered city and county, or chartered city.

(d) (1) At any time, as required by the assessor for assessment purposes, every person shall make available for examination information or records regarding his or her property or any other personal property located on premises he or she owns or controls. In this connection details of property acquisition transactions, construction and development costs, rental income, and other data relevant to the determination of an estimate of value are to be considered as information essential to the proper discharge of the assessor's duties.

(2) (A) This subdivision shall also apply to an owner-builder or an owner-developer of new construction that is sold to a third party, is constructed on behalf of a third party, or is constructed for the purpose of selling that property to a third party.

(B) The owner-builder or owner-developer of new construction described in subparagraph (A), shall, within 45 days of receipt of a written request by the assessor for information or records, provide the assessor with all information and records regarding that property. The information and records provided to the assessor shall include the total consideration provided either by the purchaser or on behalf of the purchaser that was paid or provided either, as part of or outside of the purchase agreement, including, but not limited to, consideration paid or provided for the purchase or acquisition of upgrades, additions, or for any other additional or supplemental work performed or arranged for by the owner-builder or owner-developer on behalf of the purchaser.

(e) In the case of a corporate owner of property, the property statement shall be signed either by an officer of the corporation or an employee or agent who has been designated in writing by the board of directors to sign the statements on behalf of the corporation.

(f) In the case of property owned by a bank or other financial institution and leased to an entity other than a bank or other financial institution, the property statement shall be submitted by the owner bank or other financial institution.

(g) The assessor may refuse to accept any property statement he or she determines to be in error.

(h) If a taxpayer fails to provide information to the assessor pursuant to subdivision (d) and introduces any requested materials or information at any assessment appeals board hearing, the assessor may request and shall be granted a continuance for a reasonable period of time. The continuance shall extend the two-year period specified in subdivision

(c) of Section 1604 for a period of time equal to the period of the continuance.

(i) Notwithstanding any other provision of law, every person required to file a property statement pursuant to this section shall be permitted to amend that property statement until May 31 of the year in which the property statement is due, for errors and omissions not the result of willful intent to erroneously report. The penalty authorized by Section 463 does not apply to an amended statement received prior to May 31, provided the original statement is not subject to penalty pursuant to subdivision (b). The amended property statement shall otherwise conform to the requirements of a property statement as provided in this article.

(j) This subdivision shall apply to the oil, gas, and mineral extraction industry only. Any information that is necessary to file a true, correct, and complete statement shall be made available by the assessor, upon request, to the taxpayer by mail or at the office of the assessor by February 28. For each business day beyond February 28 that the information is unavailable, the filing deadline in subdivision (b) shall be extended in that county by one business day, for those statements affected by the delay. In no case shall the filing deadline be extended beyond June 1 or the first business day thereafter.

(k) The assessor may accept the filing of a property statement by the use of electronic media. In lieu of the signature required by subdivision (a) and the declaration under penalty of perjury required by subdivision (b), property statements filed using electronic media shall be authenticated pursuant to methods specified by the assessor and approved by the board. Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, and facsimile machine.

(l) (1) After receiving the notice required by Section 1162, the manager in control of a fleet of fractionally owned aircraft shall file with the lead county assessor's office one signed property statement for all of its aircraft that have acquired situs in the state, as described in Section 1161.

(2) Flight data required to compute fractionally owned aircraft allocation under Section 1161 shall be segregated by airport.

(m) (1) After receiving the notice required by paragraph (5) of subdivision (b) of Section 1153.5, a commercial air carrier whose certificated aircraft is subject to Article 6 (commencing with Section 1150) of Chapter 5 shall file with the lead county assessor's office designated under Section 1153.5 one signed property statement for its personal property at all airport locations and fixtures at all airport locations.

(2) Each commercial air carrier may file one schedule for all of its certificated aircraft that have acquired situs in this state under Section 1151.

(3) Flight data required to compute certificated aircraft allocation under Section 1152 and subdivision (g) of Section 202 of Title 18 of the California Code of Regulations shall be segregated by airport location.

(4) Beginning with the 2006 assessment year, a commercial air carrier may file a statement described in this subdivision electronically by means of the California Assessor's Standard Data Record (SDR) network. If the SDR is not equipped to accept electronic filings for the 2006 assessment year, an air carrier may file a printed version of its property statement for that year with its lead county assessor's office.

(5) This subdivision shall remain in effect only until December 31, 2010, and as of that date is repealed.

SEC. 3. Section 452 of the Revenue and Taxation Code is amended to read:

452. (a) For the assessment year beginning in 1968 and each assessment year thereafter, the board shall prescribe in detail the content of property statements, including the specific wording, to be used by all assessors in the several counties, and cities and counties, and shall notify assessors of those specifications no later than the August 31 prior to the tax lien date on which they become effective. Each assessor shall incorporate the specifications on the exact form he or she proposes to use and submit that form to the board for approval prior to use. The property statement shall not include any question that is not germane to the assessment function.

(b) (1) For property statements to be filed in the 2008 assessment year and each assessment year thereafter, the board shall prescribe that the property statement also include the following:

(A) A brief statement noting the obligation to pay use tax on taxable purchases for which sales tax was not applicable.

(B) Information regarding payment of use tax, which information may be limited to the board's phone number and a Web site address at which specific information and forms for use tax payment may be obtained.

(C) A statement advising the taxpayer that information provided on a property statement may be shared with the board.

(2) The board shall implement paragraph (1) in a manner that does not increase local costs.

SEC. 4. Article 7 (commencing with Section 1160) is added to Chapter 5 of Part 2 of Division 1 of the Revenue and Taxation Code, to read:

Article 7. Fractionally Owned Aircraft

1160. For purposes of this article, all of the following apply:

(a) The following terms have the following meanings:

(1) "Aircraft" has the same meaning as specified in Section 5303.

(2) "Fleet" means all aircraft operated by a manager of a fractional ownership program.

(3) "Fleet type" means aircraft classified by make, model, and series operated by a manager of a fractional ownership program.

(4) "Fractionally owned aircraft" or "aircraft operated in fractional ownership programs" means those aircraft registered with the Federal Aviation Administration as fractionally owned aircraft.

(5) "Landing" means physical contact involving the embarking or disembarking of crew, passengers, or freight, and that physical contact did not arise unintentionally as the result of an emergency.

(b) Revenues derived from the taxation of fractionally owned aircraft under this article shall be distributed in accordance with Chapter 6 (commencing with Section 5451) of Part 10 of this division.

(c) Fractionally owned aircraft shall be assessed under this article only if a lead county assessor accepts a designation as lead county assessor under Section 1162.

1161. (a) Notwithstanding any other law, fractionally owned aircraft that has situs in this state shall be assessed on a fleetwide basis to the manager in control of the fleet and a notice of that assessment shall be issued to that manager.

(1) Any fractionally owned aircraft that has been annually assessed for the fiscal years preceding the 2007–08 fiscal year shall be assessed under this article commencing with the 2007–08 fiscal year.

(2) For fractionally owned aircraft that have not been annually assessed for the fiscal years preceding the 2007–08 fiscal year, assessment under this article applies for the 2007–08 fiscal year and for each fiscal year thereafter, and for preceding fiscal years for which an assessment was not made, and for which a statute of limitations either does not apply or has been waived.

(b) A fleet of fractionally owned aircraft establishes situs in this state if an aircraft within the fleet makes a landing in the state.

(c) A fleet of fractionally owned aircraft shall be assessed on an allocated basis. An allocation factor shall be established in each county for each fleet type of fractionally owned aircraft for which situs in this state has been established as described in subdivision (b). This allocation factor is a fraction, the numerator of which is the total number of landings and departures made by the fleet type in the county during the previous calendar year and the denominator of which is the total number of

landings and departures made by the fleet type worldwide during the previous calendar year.

1162. (a) On or before October 1, 2007, the Aircraft Advisory Subcommittee of the California Assessors' Association may designate a lead county assessor's office for each manager in control of a fleet of fractionally owned aircraft.

(b) If a lead county assessor's office is designated under subdivision (a), and that assessor's office accepts that designation, the lead county assessor's office described in subdivision (a) shall do all of the following:

(1) Notify, in writing, each manager in control of a fleet of fractionally owned aircraft for which the lead county assessor has been designated of this designation on or before the first October 15 that follows that designation.

(2) Receive the property statement, as described in subdivision (l) of Section 441, of each manager in control of a fleet of fractionally owned aircraft for which the lead county assessor has been designated.

(3) Calculate, pursuant to Sections 5363 and 5364, an unallocated value of all fractionally owned aircraft for each manager in control of a fleet of fractionally owned aircraft for which the lead county assessor has been designated.

(4) Electronically transmit to the assessor of each county in which a fleet of fractionally owned aircraft has situs for the assessment year the value determined by the lead county assessor's office under paragraph (3) and the allocation factor described in subdivision (c) of Section 1161.

(5) Lead the audit team described in subdivision (d) when that team is conducting an audit of each manager in control of a fleet of fractionally owned aircraft for which the lead county assessor has been designated.

(c) (1) Notwithstanding subdivision (b), the county assessor of each county in which a fleet of fractionally owned aircraft has situs for an assessment year is solely responsible for assessing that property by multiplying the unallocated value of each fleet type by the allocation factor described in subdivision (c) of Section 1161, and enrolling the total allocated value for the fleet type. In appraising the unallocated value of the fleet type, the assessor may consult with the lead county assessor's office designated for that fleet.

(2) The lead county assessor's office is subject to Section 322 of Title 18 of the California Code of Regulations and Sections 408, 451, and 1606 to the same extent as the assessor described in paragraph (1).

(d) Notwithstanding Section 469, an audit of each manager in control of a fleet of fractionally owned aircraft may be conducted once every four years on a centralized basis by an audit team of auditor-appraisers from at least one, but not more than three, counties, as determined by the Aircraft Advisory Subcommittee of the California Assessors'

Association. An audit, so conducted, shall encompass all of the California personal property and fixtures of the manager of the fleet of fractionally owned aircraft and is deemed to be made on behalf of each county for which an audit would otherwise be required under Section 469.

SEC. 5. Section 5368 is added to the Revenue and Taxation Code, to read:

5368. Owners, as well as operators, of private and public airports shall provide, upon the request of the assessor of the county in which the airport is situated, a statement containing the make, model, aircraft registration number, and arrival and departure information of all aircraft utilizing the airport facilities.

SEC. 6. Section 17052.2 of the Revenue and Taxation Code is repealed.

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

In order to timely and properly implement the Budget Act of 2007.

CHAPTER 181

An act to add Chapter 12.491 (commencing with Section 8879.50) to, and to repeal Article 5 (commencing with Section 8879.55) of Chapter 12.491 of, Division 1 of Title 2 of the Government Code, and to add Chapter 3.2 (commencing with Section 39625) to Part 2 of, and to add Chapter 10 (commencing with Section 44299.90) to Part 5 of, Division 26 of the Health and Safety Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Chapter 12.491 (commencing with Section 8879.50) is added to Division 1 of Title 2 of the Government Code, to read:

CHAPTER 12.491. IMPLEMENTATION OF THE HIGHWAY SAFETY,
TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT OF
2006

Article 1. General Provisions

8879.50. (a) As used in this chapter and in Chapter 12.49 (commencing with Section 8879.20), the following terms have the following meanings:

(1) "Commission" means the California Transportation Commission.
(2) "Department" means the Department of Transportation.
(3) "Administrative agency" means the state agency responsible for programming bond funds made available by Chapter 12.49 (commencing with Section 8879.20), as specified in subdivision (c).

(4) Unless otherwise specified in this chapter, "project" includes equipment purchase, construction, right-of-way acquisition, and project delivery costs.

(5) "Recipient agency" means the recipient of bond funds made available by Chapter 12.49 (commencing with Section 8879.20) that is responsible for implementation of an approved project.

(6) "Fund" shall have the meaning as defined in subdivision (c) of Section 8879.20.

(b) Administrative costs, including audit and program oversight costs for agencies, commissions, or departments administering programs funded pursuant to this chapter, recoverable by bond funds shall not exceed 3 percent of the program's cost.

(c) The administrative agency for each bond account is as follows:

(1) The commission is the administrative agency for the Corridor Mobility Improvement Account; the Trade Corridors Improvement Fund; the Transportation Facilities Account; the State Route 99 Account; the State and Local Partnership Program Account; the Local Bridge Seismic Retrofit Account; the Highway-Railroad Crossing Safety Account; and the Highway Safety, Rehabilitation and Preservation Account.

(2) The Controller is the administrative agency for the Local Street and Road Improvement, Congestion Relief and Traffic Safety Account of 2006.

(3) The Office of Homeland Security and the Office of Emergency Services are the administrative agencies for the Port and Maritime Security Account and the Transit System Safety, Security, and Disaster Response Account.

(4) The department is the administrative agency for the Public Transportation Modernization, Improvement, and Service Enhancement Account.

(d) The administrative agency may not approve project fund allocations for any project until the recipient agency provides a project funding plan that demonstrates that the funds are expected to be reasonably available and sufficient to complete the project. The administrative agency may approve funding for useable project segments only if the benefits associated with each individual segment are sufficient to meet the objectives of the program from which the individual segment is funded.

(e) Guidelines adopted by the administrative agency pursuant to this chapter and Chapter 12.49 (commencing with Section 8879.20) are intended to provide internal guidance for the agency and shall be exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3), and shall do all of the following:

- (1) Provide for the audit of project expenditures and outcomes.
- (2) Require that the useful life of the project be identified as part of the project nomination process.
- (3) Require that project nominations have project delivery milestones, including, but not limited to, start and completion dates for environmental clearance, land acquisition, design, construction bid award, construction completion, and project closeout, as applicable.

(f) (1) As a condition for allocation of funds to a specific project under Chapter 12.49 (commencing with Section 8879.20), the administrative agency shall require the recipient agency to report, on a semiannual basis, on the activities and progress made toward implementation of the project. The administrative agency shall forward the report to the Department of Finance by means approved by the Department of Finance. The purpose of the report is to ensure that the project is being executed in a timely fashion, and is within the scope and budget identified when the decision was made to fund the project. If it is anticipated that project costs will exceed the approved project budget, the recipient agency shall provide a plan to the administrative agency for achieving the benefits of the project by either downscoping the project to remain within budget or by identifying an alternative funding source to meet the cost increase. The administrative agency may either approve the corrective plan or direct the recipient agency to modify its plan.

(2) Within six months of the project becoming operable, the recipient agency shall provide a report to the administrative agency on the final costs of the project as compared to the approved project budget, the project duration as compared to the original project schedule as of the date of allocation, and performance outcomes derived from the project compared to those described in the original application for funding. The administrative agency shall forward the report to the Department of Finance by means approved by the Department of Finance.

Article 2. State Route 99 Account

8879.51. (a) Funds for the program contained in subdivision (b) of Section 8879.23 shall be deposited in the State Route 99 Account, which is hereby created in the fund. The funds in the account shall be available to the department, as allocated by the commission, upon appropriation by the Legislature.

(b) The commission shall include in its annual report to the Legislature, required by Section 14535, a summary of its activities relate to the administration of this program. The summary should, at a minimum, include a description and the location of the projects contained in the program, the amount of funds allocated to each project, the status of each project, and a description of the improvements the program is achieving.

Article 3. Port and Maritime Security Account

8879.53. (a) Funds for the program contained in paragraph (3) of subdivision (c) of Section 8879.23 shall be deposited in the Port and Maritime Security Account, which is hereby created in the fund.

(b) Funds in the account shall be available to the Office of Homeland Security (OHS), within the Office of Emergency Services, upon appropriation by the Legislature. Funds shall be made available as grants to eligible applicants, as defined in paragraph (3) of subdivision (c) of Section 8879.23, for capital projects that include, but are not limited to, those projects described in paragraph (3) of subdivision (c) of Section 8879.23.

(c) Prior to allocating funds to projects from the account, the OHS shall adopt guidelines to establish the criteria and process for the distribution of funds. At least 30 days prior to adopting the guidelines, the OHS shall hold a public hearing on the proposed guidelines and shall provide opportunity for public review and comment.

(d) In allocating funds from the account, the OHS shall do the following:

- (1) Address the state's most urgent maritime security needs.
- (2) Balance the demands of the various ports (between large and small).
- (3) Provide reasonable geographic balance in the distribution of funds.

(e) The OHS's activities to implement this section shall be incorporated into the report to the Legislature required in paragraph (3) of subdivision (c) of Section 8879.23.

Article 4. Transportation Facilities Account

8879.54. For the program funded by funds deposited in the Transportation Facilities Account established in subdivision (e) of Section 8879.23, the commission shall include in its annual report to the Legislature, required by Section 14535, a summary of its activities related to the administration of this program. The summary should, at a minimum, include a description and the location of the projects contained in the program, the amount of funds allocated to each project, the status of each project, and a description of the improvements the program is achieving.

Article 5. Public Transportation Modernization, Improvement, and Service Enhancement Account

8879.55. For funds appropriated for fiscal year 2007–08 in the Budget Act of 2007 from the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) established pursuant to paragraph (1) of subdivision (f) of Section 8879.23, the following shall apply:

(a) (1) Upon appropriation of funds from PTMISEA, the Controller shall identify and develop a list of eligible project sponsors, as defined in paragraph (2) of subdivision (h), and the amount each is eligible to receive pursuant to the formula in paragraph (3) of subdivision (f) of Section 8879.23. It is the intent of the Legislature that funds allocated to project sponsors pursuant to this section provide each project sponsor with the same proportional share of funds as the proportional share each received from the allocation of State Transit Assistance funds, pursuant to Sections 99313 and 99314 of the Public Utilities Code, over fiscal years 2004–05, 2005–06, and 2006–07.

(2) In establishing the amount of funding each project sponsor is eligible to receive from funds to be allocated based on Section 99313 of the Public Utilities Code, the Controller shall make the following computations:

(A) For each project sponsor, compute the amounts of State Transit Assistance funds allocated to that entity pursuant to Section 99313 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(B) Compute the total statewide allocation of State Transit Assistance funds pursuant to Section 99313 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(C) Divide subparagraph (A) by subparagraph (B).

(D) For each project sponsor, multiply the allocation factor computed pursuant to subparagraph (C) by 50 percent of the amount appropriated for allocation from PTMISEA.

(3) In establishing the amount of funding each project sponsor is eligible to receive from funds to be allocated based on Section 99314 of the Public Utilities Code, the Controller shall make the following computations:

(A) For each project sponsor, compute the amounts of State Transit Assistance funds allocated to that entity pursuant to Section 99314 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(B) Compute the total statewide allocation of State Transit Assistance funds pursuant to Section 99314 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(C) Divide subparagraph (A) by subparagraph (B).

(D) For each project sponsor, multiply the allocation factor computed pursuant to subparagraph (C) by 50 percent of the amount appropriated for allocation from PTMISEA.

(4) The Controller shall notify project sponsors of the amount of funding each is eligible to receive from PTMISEA for the 2007–08 fiscal year based on the computations pursuant to subparagraph (D) of paragraph (2) and subparagraph (D) of paragraph (3).

(b) Prior to seeking a disbursement of funds for an eligible PTMISEA capital project, a project sponsor on the list developed pursuant to paragraph (1) of subdivision (a) shall submit to the department a description of the proposed capital project or projects it intends to fund with PTMISEA funds for fiscal year 2007–08. The description shall include all of the following:

(1) A summary of the proposed project, which shall describe the benefit the project intends to achieve.

(2) The useful life of the project, which shall not be less than the required useful life for capital assets pursuant to the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2), specifically subdivision (a) of Section 16727.

(3) The estimated schedule for the completion of the project.

(4) The total cost of the proposed project, including the identification of all funding sources necessary for the project to be completed.

(c) After receiving the information required to be submitted under subdivision (b), the department shall review the information solely to determine all of the following:

(1) The project is consistent with the requirements for funding under paragraph (1) of subdivision (f) of Section 8879.23.

(2) The project is a capital improvement that meets the requirements of the state's general obligation bond law and has a useful life consistent with paragraph (2) of subdivision (b).

(3) The project, or a minimum operable segment of the project, is, or will become, fully funded with an allocation of funds from the PTMISEA, and the funds can be encumbered within three years of the allocation based on the department's review of the project's phase or schedule for completion, as submitted by the project sponsor.

(d) (1) Upon conducting the review required in subdivision (c) and determining the proposed projects to be in compliance with the requirements of that subdivision, the department shall biannually adopt a list of projects eligible for an allocation from the funds appropriated to the account in fiscal year 2007–08.

(2) Upon adoption of the list by the department, the department shall provide the list of projects eligible for funding to the Controller.

(e) Upon receipt of the information required in subdivision (d), the Controller's office shall commence any necessary actions to allocate funds to the project sponsors on the list of projects, including, but not limited to, seeking the issuance of bonds for that purpose. The total allocations to any one project sponsor shall not exceed that project sponsor's share of funds from the PTMISEA pursuant to the formula contained in subdivision (a).

(f) The audit of public transportation operator finances already required under the Transportation Development Act pursuant to Section 99245 of the Public Utilities Code shall be expanded to include verification of receipt and appropriate expenditure of bond funds pursuant to this section. Each sponsoring entity receiving bond funds from this account in a fiscal year for which an audit is conducted shall transmit a copy of the audit to the department, and the department shall make the audits available to the Legislature and the Controller for review on request.

(g) The commission shall include in its annual report to the Legislature, required by Section 14535, a summary of the state agencies' activities related to the administration of funds from the account, including the administration of funds made available to the department for intercity rail improvements pursuant to paragraph (2) of subdivision (f) of Section 8879.23. The summary, at a minimum, shall include a description and the location of the projects funded from the account, the amount of funds allocated to each project, the status of each project, a description of the public benefit expected from each project, and a designation of any projects that have been subject to an audit under subdivision (f). The department and project sponsors shall provide the

commission with necessary information for the preparation of the summary required under this subdivision.

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

(1) "Project" means a capital improvement authorized under paragraph (1) of subdivision (f) of Section 8879.23 or a transit capital project, including a bus, rail or waterborne transit capital project, or minimum operable segment thereof, that is consistent with the project sponsor's most recently adopted short-range transit plan, or other publicly-adopted plan that programs or prioritizes the expenditure of funds for transit capital improvements.

(2) "Project sponsor" means a transit operator, including a rail transit, commuter rail, bus, or waterborne transit operator, eligible to receive an allocation of funds under the State Transit Assistance program pursuant to Sections 99314 and 99314.3 of the Public Utilities Code, or a local agency, including a transportation planning agency, county transportation commission, or the San Diego Metropolitan Transit Development Board, eligible to receive an allocation of funds under the State Transit Assistance program pursuant to Section 99313 of the Public Utilities Code.

(i) A project sponsor that is identified to receive an allocation of funds under this section, but that does not submit a project for funding in the 2007–08 fiscal year, may utilize its funding share in a subsequent fiscal year.

8879.56. This article shall become inoperative on July 1, 2008, and, as of January 1, 2009, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2009, deletes or extends the dates on which it becomes inoperative and is repealed.

Article 6. Transit System Safety, Security, and Disaster Response Account

8879.57. Funds made available, upon appropriation of the Legislature, from the Transit System Safety, Security, and Disaster Response Account, created in subdivision (h) of Section 8879.23, shall be allocated as follows:

(a) (1) Sixty percent of available funds shall be allocated for capital expenditures to agencies and transit operators eligible to receive State Transit Assistance funds pursuant to Sections 99313 and 99314 of the Public Utilities Code. Of these funds, 50 percent shall be allocated to eligible agencies using the formula in Section 99314 of the Public Utilities Code, and 50 percent shall be allocated to eligible agencies using the formula in Section 99313 of the Public Utilities Code, subject

to the provisions governing funds allocated under those sections. Funds allocated to the Metropolitan Transportation Commission pursuant to Section 99313 of the Public Utilities Code shall be suballocated to transit operators within its jurisdiction pursuant to Section 99314 of the Public Utilities Code.

(2) Eligible capital expenditures shall include either of the following:

(A) A capital project that provides increased protection against a security or safety threat, including, but not limited to, the following:

(i) Construction or renovation projects that are designed to enhance the security of public transit stations, tunnels, guideways, elevated structures, or other transit facilities and equipment.

(ii) Explosive device mitigation and remediation equipment.

(iii) Chemical, biological, radiological, and nuclear explosives search, rescue, or response equipment.

(iv) Interoperable communications equipment.

(v) Physical security enhancement equipment.

(vi) The installation of fencing, barriers, gates, or related security enhancements that are designed to improve the physical security of transit stations, tunnels, guideways, elevated structures, or other transit facilities and equipment.

(vii) Other security-related projects approved by the Office of Homeland Security (OHS).

(B) Capital expenditures to increase the capacity of transit operators to develop disaster response transportation systems that can move people, goods, and emergency personnel and equipment in the aftermath of a disaster impairing the mobility of goods, people, and equipment.

(b) (1) Twenty-five percent of available funds shall be allocated for capital expenditures to regional public waterborne transit agencies authorized to operate a regional public water transit system, including the operation of water transit vessels, terminals, and feeder buses, and not otherwise eligible to receive State Transit Assistance funds as of the effective date of this article. Funds shall be allocated for eligible capital expenditures that enhance the capacity of regional public waterborne transit agencies to provide disaster response transportation systems that can move people, goods, and emergency personnel and equipment in the aftermath of a disaster or emergency.

(2) Eligible capital expenditures include, but are not limited to, the construction or acquisition of new vessels, the capital improvement or construction of docks, terminals, or other waterborne transit facilities, the purchase of related equipment, and the construction of fueling facilities. A project shall (A) provide capital facilities and equipment to a regional public waterborne transit system that enhances the ability of the system to respond to a regional emergency, (B) be included in a

regional plan, including, but not limited to, a regional plan for waterborne transit expansion or disaster response preparedness, and (C) provide maximum flexibility in responding to disasters or emergencies.

(c) (1) Fifteen percent of available funds shall be made available for capital expenditures to the intercity passenger rail system described in Section 14035 and to the commuter rail systems operated by the entities specified in Section 14072 and in Section 99314.1 of the Public Utilities Code. Operators who receive funding pursuant to this subdivision shall not be eligible to receive funding pursuant to subdivision (a).

(2) Eligible capital expenditures shall include either of the following:

(A) A capital project that provides increased protection against a security or safety threat, including, but not limited to, the following:

(i) Construction or renovation projects that are designed to enhance the security of public transit stations, tunnels, guideways, elevated structures, or other transit facilities and equipment.

(ii) Explosive device mitigation and remediation equipment.

(iii) Chemical, biological, radiological, and nuclear explosives search, rescue, or response equipment.

(iv) Interoperable communications equipment.

(v) Physical security enhancement equipment.

(vi) The installation of fencing, barriers, gates, or related security enhancements that are designed to improve the physical security of transit stations, tunnels, guideways, elevated structures, or other transit facilities and equipment.

(vii) Other security-related projects approved by OHS.

(B) Capital expenditures to increase the capacity of transit operators to develop disaster response transportation systems that can move people, goods, and emergency personnel and equipment in the aftermath of a disaster impairing the mobility of goods, people, and equipment.

8879.58. (a) (1) No later than September 1 of the first fiscal year in which the Legislature appropriates funds from the Transit System Safety, Security, and Disaster Response Account, and no later than September 1 of each fiscal year thereafter in which funds are appropriated from that account, the Controller shall develop and make public a list of eligible agencies and transit operators and the amount of funds each is eligible to receive from the account pursuant to subdivision (a) of Section 8879.57. It is the intent of the Legislature that funds allocated to specified recipients pursuant to this section provide each recipient with the same proportional share of funds as the proportional share each received from the allocation of State Transit Assistance funds, pursuant to Sections 99313 and 99314 of the Public Utilities Code, over fiscal years 2004–05, 2005–06, and 2006–07.

(2) In establishing the amount of funding each eligible recipient is to receive under subdivision (a) of Section 8879.57 from appropriated funds to be allocated based on Section 99313 of the Public Utilities Code, the Controller shall make the following computations:

(A) For each eligible recipient, compute the amounts of State Transit Assistance funds allocated to that recipient pursuant to Section 99313 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(B) Compute the total statewide allocation of State Transit Assistance funds pursuant to Section 99313 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(C) Divide subparagraph (A) by subparagraph (B).

(D) For each eligible recipient, multiply the allocation factor computed pursuant to subparagraph (C) by 50 percent of the amount available for allocation pursuant to subdivision (a) of Section 8879.57.

(3) In establishing the amount of funding each eligible recipient is eligible to receive under subdivision (a) of Section 8879.57 from funds to be allocated based on Section 99314 of the Public Utilities Code, the Controller shall make the following computations:

(A) For each eligible recipient, compute the amounts of State Transit Assistance funds allocated to that recipient pursuant to Section 99314 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(B) Compute the total statewide allocation of State Transit Assistance funds pursuant to Section 99314 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(C) Divide subparagraph (A) by subparagraph (B).

(D) For each eligible recipient, multiply the allocation factor computed pursuant to subparagraph (C) by 50 percent of the amount available for allocation pursuant to subdivision (a) of Section 8879.57.

(4) The Controller shall notify eligible recipients of the amount of funding each is eligible to receive pursuant to subdivision (a) of Section 8879.57 for the duration of time that these funds are made available for these purposes based on the computations pursuant to subparagraph (D) of paragraph (2) and subparagraph (D) of paragraph (3).

(b) Prior to seeking a disbursement of funds for an eligible project, an agency or transit operator on the public list described in paragraph (1) of subdivision (a) shall submit to OHS a description of the project it proposes to fund with its share of funds from the account. The description shall include all of the following:

(1) A summary of the proposed project that describes the safety, security, or emergency response benefit that the project intends to achieve.

(2) That the useful life of the project shall not be less than the required useful life for capital assets specified subdivision (a) of Section 16727.

(3) The estimated schedule for the completion of the project.

(4) The total cost of the proposed project, including identification of all funding sources necessary for the project to be completed.

(c) After receiving the information required to be submitted under subdivision (b), OHS shall review the information to determine all of the following:

(1) The project is consistent with the purposes described in subdivision (h) of Section 8879.23.

(2) The project is an eligible capital expenditure, as described in subdivision (a) of Section 8879.57.

(3) The project is a capital improvement that meets the requirements of paragraph (2) of subdivision (b).

(4) The project, or a useful component thereof, is, or will become fully funded with an allocation of funds from the Transit System Safety, Security, and Disaster Response Account.

(d) (1) Upon conducting the review required in subdivision (c) and determining that a proposed project meets the requirements of that subdivision, OHS shall, on a quarterly basis, provide the Controller with a list of projects and the sponsoring agencies or transit operators eligible to receive an allocation from the account.

(2) The list of projects submitted to the Controller for allocation for any one fiscal year shall be constrained by the total amount of funds appropriated by the Legislature for the purposes of this section for that fiscal year.

(3) For a fiscal year in which the number of projects submitted for funding under this section exceeds available funds, OHS shall prioritize projects contained on the lists submitted pursuant to paragraph (1) so that (A) projects addressing the greatest risks to the public have the highest priority and (B) to the maximum extent possible, the list reflects a distribution of funding that is geographically balanced.

(e) Upon receipt of the information from OHS required by subdivision (d), the Controller's office shall commence any necessary actions to allocate funds to eligible agencies and transit operators sponsoring projects on the list of projects, including, but not limited to, seeking the issuance of bonds for that purpose. The total allocations to any one eligible agency or transit operator shall not exceed that agencies or transit operator's share of funds from the account pursuant to the formula contained in subdivision (a) of Section 8879.57.

(f) The Controller's office may, pursuant to Section 12410, use its authority to audit the use of state bond funds on projects receiving an allocation under this section. Each eligible agency or transit operator

sponsoring a project subject to an audit shall provide any and all data requested by the Controller's office in order to complete the audit. The Controller's office shall transmit copies of all completed audits to OHS and to the policy committees of the Legislature with jurisdiction over transportation and budget issues.

8879.59. (a) For funds appropriated from the Transit System Safety, Security, and Disaster Response Account for allocation to transit agencies eligible to receive funds pursuant to subdivisions (b) of Section 8879.57, the Office of Emergency Services (OES) shall administer a grant application and award program for those transit agencies and intercity.

(b) Funds awarded to transit agencies pursuant to this section shall be for eligible capital expenditures as described in subdivision (b) of Section 8879.57.

(c) Prior to allocating funds to projects pursuant to this section, OES shall adopt guidelines to establish the criteria and process for the distribution of funds described in this section. Prior to adopting the guidelines, OES shall hold a public hearing on the proposed guidelines.

(d) For each fiscal year in which funds are appropriated for the purposes of this section, OES shall issue a notice of funding availability no later than October 1.

(e) No later than December 1, of each fiscal year in which the notice in subdivision (d) is issued, eligible transit agencies may submit project nominations for funding to OES for its review and consideration. Project nominations shall include all of the following:

(1) A description of the project, which shall illustrate the physical components of the project and the security or emergency response benefit to be achieved by the completion of the project.

(2) Identification of all nonbond sources of funding committed to the project.

(3) An estimate of the project's full cost and the proposed schedule for the project's completion.

(f) No later than February 1, OES shall select eligible projects to receive grants under this section. Grants awarded to eligible transit agencies pursuant to subdivision (b) of Section 8879.57 shall be for eligible capital expenditures, as described in paragraph (2) of subdivision (b) of that section.

8879.60. (a) For funds appropriated from the Transit System Safety, Security, and Disaster Response Account for allocation to intercity and commuter rail operators eligible to receive funds pursuant to subdivision (c) of Section 8879.57, OHS shall administer a grant application and award program for those intercity and commuter rail operators.

(b) Funds awarded to intercity and commuter rail operators pursuant to this section shall be for eligible capital expenditures as described in subdivision (c) of Section 8879.57.

(c) Prior to allocating funds to projects pursuant to this section, OHS shall adopt guidelines to establish the criteria and process for the distribution of funds described in this section. Prior to adopting the guidelines, OHS shall hold a public hearing on the proposed guidelines.

(d) For each fiscal year in which funds are appropriated for the purposes of this section, OHS shall issue a notice of funding availability no later than October 1.

(e) No later than December 1, of each fiscal year in which the notice in subdivision (d) is issued, eligible intercity and commuter rail operators may submit project nominations for funding to OHS for its review and consideration. Project nominations shall include all of the following:

(1) A description of the project, which shall illustrate the physical components of the project and the security or emergency response benefit to be achieved by the completion of the project.

(2) Identification of all nonbond sources of funding committed to the project.

(3) An estimate of the project's full cost and the proposed schedule for the project's completion.

(f) No later than February 1, OHS shall select eligible projects to receive grants under this section. Grants awarded to intercity and commuter rail operators pursuant to subdivision (c) of Section 8879.57 shall be for eligible capital expenditures, as described in subparagraphs (A) and (B) of paragraph (2) of subdivision (c) of that section.

8879.61. (a) Entities described in subdivisions (a), (b), and (c) of Section 8879.57 receiving an allocation of funds pursuant to this article shall expend those funds within three fiscal years of the fiscal year in which the funds were allocated. Funds remaining unexpended thereafter shall revert to OHS or OES, as applicable, for reallocation in subsequent fiscal years.

(b) Entities that receive grant awards from funds allocated pursuant to subdivisions (b) or (c) of Section 8879.57 are not eligible to receive awards from the funds allocated pursuant to subdivision (a) of Section 8879.57.

(c) On or before May 1 of each year, OHS and OES shall report to the Legislature on their activities under this article. The report shall include a summary of the projects selected for funding during the fiscal year in which awards were made, as well as the status of projects selected for funding in prior fiscal years.

(d) Funds appropriated for the program established by this article in the Budget Act of 2007 shall be allocated consistent with the allocation schedule established in Section 8879.57.

Article 7. Local Bridge Seismic Retrofit Account

8879.62. (a) Funds deposited in the Local Bridge Seismic Retrofit Account established pursuant to subdivision (i) of Section 8879.23 shall be appropriated to the department to provide the required match for federal Highway Bridge Replacement and Repair funds available to the state for seismic work on local bridges, ramps, and overpasses, as identified by the department.

(b) The commission shall allocate funds to the department based upon an annual request for funding submitted to the commission by the department on or before September 30 of each year and the level of appropriation provided by the Legislature to the program. The department may suballocate the funds to local agencies for project implementation, where appropriate.

(c) The commission shall include in its annual report to the Legislature, required by Section 14535, a summary of its activities related to the administration of this program. The summary should, at a minimum, include a description and the location of the projects contained in the program, the amount of funds allocated to each project, the status of each project, and a description of the improvements the program is achieving.

Article 8. Highway-Railroad Crossing Safety Account

8879.63. (a) Prior to allocating funds appropriated from the Highway-Railroad Crossing Safety Account established pursuant to subdivision (j) of Section 8879.23, the commission, in cooperation with the Public Utilities Commission, the department, and the High-Speed Rail Authority, shall adopt guidelines to establish the criteria and process to allocate funds to an eligible project in the program. The guidelines shall be adopted no later than February 15, 2008, and only after the commission holds a public hearing in northern California and a public hearing in southern California to review and to receive public comment on the proposed guidelines. The commission may incorporate the hearings on the proposed guidelines into its regularly scheduled hearings.

(b) Funds available under this section shall be used to provide the state match for local, federal, or private funds for high-priority grade separation and railroad crossing safety improvements in California. The

commission shall adopt strategies to invest these funds in a manner to make railroad crossing safety improvements at any of the following:

(1) Crossings where freight rail and passenger rail share the affected guideway.

(2) Crossings with high incidents of motor vehicle-rail or pedestrian-rail accidents.

(3) Crossings with high vehicle-hours of delay.

(4) Crossings where an improvement will result in quantifiable emission benefits.

(5) Crossings where the improvement will improve the flow of rail freight to or from a port facility.

(c) The guidelines adopted by the commission pursuant to subdivision (a) shall articulate the amount of funds appropriated to the account that will be expended for purposes of paragraph (1) of subdivision (j) of Section 8879.23 and for purposes of paragraph (2) of subdivision (j) of Section 8879.23.

(d) The commission shall include in its annual report to the Legislature, required by Section 14535, a summary of its activities related to the administration of this program. The summary should, at a minimum, include a description and the location of the projects contained in the program, the amount of funds allocated to each project, the status of each project, and a description of the improvements the program is achieving.

Article 9. Highway Safety, Rehabilitation, and Preservation Account

8879.64. (a) Funds appropriated from the Highway Safety, Rehabilitation, and Preservation Account established in paragraph (1) of subdivision (k) of Section 8879.23 shall be available to the department, upon allocation by the commission, for improvements to the state highway system that are consistent with the 10-year State Highway Operation and Preservation Program (SHOPP) Plan prepared pursuant to Section 14526.5.

(b) As part of the program required to be developed for distribution of funds identified in paragraph (2) of subdivision (k) of Section 8879.23, one hundred fifty million dollars (\$150,000,000) of the amount appropriated for this purpose shall be allocated to any city in the state with a population of over 3.5 million persons as of January 1, 2007, as determined by the Population Research Unit of the Department of Finance pursuant to Section 13073, that has a program for systemwide installation and upgrade of traffic signals within its jurisdiction. Funds shall be used for the purpose of upgrading and installing traffic signal synchronization and completing systemwide installation within its jurisdiction.

(c) The commission shall include in its annual report to the Legislature, required by Section 14535, a summary of its activities related to the administration of this program. The summary should, at a minimum, include a description and the location of the projects contained in the program, the amount of funds allocated to each project, the status of each project, and a description of the improvements the program is achieving.

Article 10. Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006

8879.65. (a) Funds appropriated from the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006, established by subdivision (l) of Section 8879.23, shall be made available to the Controller for allocation to cities, counties, and a city and county. The list of projects expected to be funded with bond funds shall include a description and the location of the proposed project, a proposed schedule for the project's completion, and the estimated useful life of the capital improvement. From bond funds appropriated in the 2007–08 fiscal year for cities, including a city and county, each city, and city and county, shall receive at least its minimum allocation of four hundred thousand dollars (\$400,000), as described in subparagraph (B) of paragraph (1) of subdivision (l) of Section 8879.23. The remainder of the funds appropriated for cities, including a city and county, shall be allocated in the proportion described in subparagraph (B) of paragraph (1) of subdivision (l) of Section 8879.23. In no case shall a city, or a city and county, receive an allocation in excess of its total share, as described in subdivision (l) of Section 8879.23.

(b) Prior to receiving an allocation of funds from the Controller in a fiscal year, an eligible local agency shall submit to the Department of Finance a list of projects expected to be funded with bond funds pursuant to an adopted city, county, or city and county budget. All projects proposed to be funded with funds from the account shall be included in a city, county, or city and county budget that is adopted by the applicable city council or board of supervisors at a regular public meeting.

(1) The Department of Finance shall report monthly to the Controller the eligible local agencies that have submitted a list of projects as described in this subdivision.

(2) Upon receipt of the information described in paragraph (1), the Controller shall allocate funds to those agencies that have submitted a list of projects, as reported by the Department of Finance.

(c) Upon expending funds from the account, a city, county, or city and county shall submit documentation to the Department of Finance

which includes a description and location of each project, the amount of funds expended on the project, the completion date, and the project's estimated useful life. The documentation shall be forwarded to the department, in a manner and form approved by the department, at the end of each fiscal year until the funds in the account are exhausted. The department may post the information contained in the documentation on the department's official Web site.

(d) A city, county, or city and county receiving funds pursuant to this section shall have three fiscal years to expend the funds from the date that the funds are allocated to it by the Controller, and any funds not expended within that period shall be returned to the Controller and be reallocated to other cities, counties, or a city and county, as applicable, pursuant to the allocation formulas set forth in subparagraph (A) or (B) of paragraph (1) of subdivision (l) of Section 8879.23, but excluding the requirement for a minimum city allocation as described in subparagraph (B) of paragraph (1) of that subdivision and section.

(e) Subject to the requirements and conditions of this section, it is the intent of the Legislature to appropriate funds from the account so that the Controller may allocate funds to eligible local agencies in two cycles that cover four years, and so that the Controller may allocate at least one-half of each local agency's allocation amount in the first cycle of payments.

(f) The sum of three hundred fifty million dollars (\$350,000,000) is hereby appropriated from funds in the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006 created pursuant to subdivision (l) of Section 8879.23, for allocation pursuant to this article, as an augmentation to the amount appropriated in Item 9350-104-6065 of the Budget Act of 2007.

SEC. 2. Chapter 3.2 (commencing with Section 39625) is added to Part 2 of Division 26 of the Health and Safety Code, to read:

CHAPTER 3.2. GOODS MOVEMENT EMISSION REDUCTION PROGRAM

39625. The Legislature finds and declares as follows:

(a) In November 2006, the voters approved the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, also known as Proposition 1B, that, among other things, provided one billion dollars (\$1,000,000,000) to reduce emissions associated with the movement of freight along California's trade corridors.

(b) Proposition 1B requires these funds to be made available, upon appropriation by the Legislature and subject to the conditions and criteria provided by the Legislature, to the State Air Resources Board in order to reduce the emissions associated with goods movement.

(c) Proposition 1B further required these funds to be made available for emission reductions not otherwise required by law or regulation. These funds are intended to supplement existing funds used to finance strategies that reduce emissions and public health risk associated with the movement of freight commencing at the state's seaports and land ports of entry and transported through California's trade corridors.

(d) Tremendous growth in goods movement activity has created a public health crisis in communities located adjacent to ports and along trade corridors. It is the intent of the Legislature that these funds be expended in a manner that reduces the health risk associated with the movement of freight along California's trade corridors.

(e) It is the intent of the Legislature that the state board maximize the emission reduction benefits, achieve the earliest possible health risk reduction in heavily impacted communities, and provide incentives for the control of emission sources that contribute to increased health risk in the future.

(f) It is the intent of the Legislature that the state board develop partnerships between federal, state, and private entities involved in goods movement to reduce emissions.

(g) The purpose of this chapter is to establish standards and procedures for the expenditure of these funds.

39625.01. This chapter shall be known, and may be cited, as the Goods Movement Emission Reduction Program.

39265.02. (a) As used in this chapter and in Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code, the following terms have the following meanings:

(1) "Administrative agency" means the state agency responsible for programming bond funds made available by Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code, as specified in subdivision (c).

(2) Unless otherwise specified in this chapter, "project" includes equipment purchase, right-of-way acquisition, and project delivery costs.

(3) "Recipient agency" means the recipient of bond funds made available by Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code that is responsible for implementation of an approved project.

(4) "Fund" shall have the meaning as defined in subdivision (c) of Section 8879.20 of the Government Code.

(b) Administrative costs, including audit and program oversight costs for the agency administering the program funded pursuant to this chapter, recoverable by bond funds shall not exceed 5 percent of the program's costs.

(c) The State Air Resources Board is the administrative agency for the Goods Movement Emission Reduction Program pursuant to paragraph (2) of subdivision (c) of Section 8879.23 of the Government Code.

(d) The administrative agency may not approve project fund allocations for any project until the recipient agency provides a project funding plan that demonstrates that the funds are expected to be reasonably available and sufficient to complete the project. The administrative agency may approve funding for useable project segments only if the benefits associated with each individual segment are sufficient to meet the objectives of the program from which the individual segment is funded.

(e) Guidelines adopted by the administrative agency pursuant to this chapter and Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code are intended to provide internal guidance for the agency and shall be exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code), and shall do all of the following:

- (1) Provide for audit of project expenditures and outcomes.
- (2) Require that the useful life of the project be identified as part of the project nomination process.
- (3) Require that project nominations have project delivery milestones, including, but not limited to, start and completion dates for environmental clearance, land acquisition, design, construction bid award, construction completion, and project closeout, as applicable.

(f) (1) As a condition for allocation of funds to a specific project under Chapter 12.49 (commencing with Section 8879.20), the administrative agency shall require the recipient agency to report, on a semiannual basis, on the activities and progress made toward implementation of the project. The administrative agency shall forward the report to the Department of Finance by means approved by the Department of Finance. The purpose of the report is to ensure that the project is being executed in a timely fashion, and is within the scope and budget identified when the decision was made to fund the project. If it is anticipated that project costs will exceed the approved project budget, the recipient agency shall provide a plan to the administrative agency for achieving the benefits of the project by either downscoping the project to remain within budget or by identifying an alternative funding source to meet the cost increase. The administrative agency may either approve the corrective plan or direct the recipient agency to modify its plan.

(2) Within six months of the project becoming operable, the recipient agency shall provide a report to the administrative agency on the final costs of the project as compared to the approved project budget, the

project duration as compared to the original project schedule as of the date of allocation, and performance outcomes derived from the project compared to those described in the original application for funding. The administrative agency shall forward the report to the Department of Finance by means approved by the Department of Finance.

39625.1. As used in this chapter, the following terms have the following meanings:

(a) "Applicant" means any local public entity involved in the movement of freight through trade corridors of the state or involved in air quality improvements associated with goods movement.

(b) "Emission" or "emissions" means emissions including, but not limited to, diesel particulate matter, oxides of nitrogen, oxides of sulfur, and reactive organic gases.

(c) "Emission sources" means one of the following categories of sources of air pollution associated with the movement of freight through California's trade corridors: heavy-duty trucks, locomotives, commercial harbor craft, ocean-going vessels related to freight, and cargo-handling equipment.

(d) "Goods movement facility" means airports, seaports, land ports of entry, freight distribution warehouses and logistic centers, freight rail systems, and highways that have a high volume of truck traffic related to the movement of goods, as determined by the state board.

(e) "Trade corridors" means any of the following areas: the Los Angeles/Inland Empire region, the Central Valley region, the Bay Area region, and the San Diego/border region.

39625.3. Funding pursuant to this chapter may include grants, loans, and loan guarantees.

39625.5. (a) (1) Upon appropriation by the Legislature from the funds made available by paragraph (2) of subdivision (c) of Section 8879.23 of the Government Code, the state board shall allocate funds on a competitive basis for projects that are shown to achieve the greatest emission reductions from each emission source identified in subdivision (c) of Section 39625.1, not otherwise required by law or regulation, or by a memorandum of understanding or any other agreement executed between a railroad company and a state or federal agency, a local air quality management district, or a local air pollution control district, including, but not limited to, the ARB/Railroad Statewide Agreement Particulate Emissions Reductions Program at California Rail Yards, dated June 2005, from activities related to the movement of freight along California's trade corridors, commencing at the state's airports, seaports, and land ports of entry.

(2) Projects eligible for funding pursuant to paragraph (1) shall include, but are not limited to, the following:

- (A) The replacement, repower, or retrofit of heavy-duty diesel trucks.
- (B) The replacement, repower, or retrofit of diesel locomotive engines, with priority given to switching locomotive engines.
- (C) The replacement, repower, or retrofit of harbor craft that operates at the state's seaports.
- (D) The provision of on-shore electrical power for ocean freight carriers calling at the state's seaports to reduce the use of auxiliary and main engine ship power.
- (E) Mobile or portable shoreside distributed power generation projects that eliminate the need to use the electricity grid.
- (F) The replacement, repower, or retrofit of cargo handling equipment that operates at the state's seaports and rail yards.
- (G) Electrification infrastructure to reduce engine idling and use of internal combustion auxiliary power systems at truck stops, intermodal facilities, distribution centers, and other places where trucks congregate.
- (b) (1) The state board shall allocate funds in a manner that gives priority to emission reduction projects that achieve the earliest possible reduction of health risk in communities with the highest health risks from goods movement facilities.
- (2) In evaluating which projects to fund, the state board shall at a minimum consider all of the following criteria:
 - (A) The magnitude of the emission reduction.
 - (B) The public health benefits of the emission reduction.
 - (C) The cost-effectiveness and sustainability of the emissions reductions.
 - (D) The severity and magnitude of the emission source's contributions to emissions.
 - (E) Regulatory and State Implementation Plan requirements, and the degree of surplus emissions to be reduced.
 - (F) The reduction in greenhouse gases, consistent with and supportive of emission reduction goals, consistent with existing law.
 - (G) The extent to which advanced emission reduction technologies are to be used.
 - (H) The degree to which funds are leveraged from other sources.
 - (I) The degree to which the project reduces air pollutants or air contaminants in furtherance of achieving state and federal ambient air quality standards and reducing toxic air contaminants.
 - (J) The total emission reductions a project would achieve over its lifetime per state dollar invested.
 - (K) Whether an emissions reduction is likely to occur in a location where emissions sources in the area expose individuals and population groups to elevated emissions that result in adverse health effects and contribute to cumulative human exposures to pollution.

(c) The state board shall ensure that state bond funds are supplemented and matched with funds from federal, local, and private sources to the maximum extent feasible.

39626. (a) (1) The state board shall develop guidelines by December 31, 2007, consistent with the requirements of this chapter, to implement Section 39625.5, in consultation with stakeholders, including, but not limited to, local air quality management and air pollution control districts, metropolitan planning organizations, port authorities, shipping lines, railroad companies, trucking companies, harbor craft owners, freight distributors, terminal operators, local port community advisory groups, community interest groups, and airports. The guidelines shall, at a minimum, include all of the following:

(A) An application process for the funds, and any limits on administrative costs, including a local administrative cost limit of up to 5 percent.

(B) A requirement for a contribution of a specified percentage of funds leveraged from other sources or in-kind contributions toward the project.

(C) Project selection criteria.

(D) The method by which the state board will consider the air basin's status in maintaining and achieving state and federal ambient air quality standards and the public health risk associated with goods movement-related emissions and toxic air contaminants.

(E) Accountability and auditing requirements to ensure that expenditure of bond proceeds, less administrative costs, meets quantifiable emission reduction objectives in a timely manner, and to ensure that the emission reductions will continue in California for the project lifetime.

(F) Requirements for agreements between applicants and recipients of funds executed by the state board related to the identification of project implementation milestones and project completion that ensure that if a recipient fails to accomplish project milestones within a specified time period, the state board may modify or terminate the agreement and seek other remedies as it deems necessary.

(2) Prior to the adoption of the guidelines, the state board shall hold no less than one public workshop in northern California, one public workshop in the Central Valley, and one public workshop in southern California.

(b) For each fiscal year in which funds are appropriated for the purposes of this chapter, the state board shall issue a notice of funding availability no later than November 30. For the 2007–08 fiscal year, if funds are appropriated for the purposes of this chapter, the state board

shall issue a notice of funding upon adoption of the guidelines described in subdivision (a).

(c) (1) After applications have been submitted and reviewed for consistency with the requirements of this chapter and the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, the state board shall compile and release to the public a preliminary list of all projects that the state board is considering for funding and provide adequate opportunity for public input and comment.

(2) The state board shall hold no less than one public workshop in northern California, one public workshop in the Central Valley, and one public workshop in southern California to discuss the preliminary list. This requirement shall not apply to the funds appropriated in the 2007–08 fiscal year.

(3) After the requirements of paragraphs (1) and (2) are met, the state board shall adopt a final list of projects that will receive funding at a regularly scheduled public hearing.

(d) Nothing in this chapter authorizes the state board to program funds not appropriated by the Legislature.

39626.5. (a) A project shall not be funded pursuant to this chapter unless both of the following requirements are met:

(1) The project is sponsored by an applicant.

(2) The project is consistent with any comprehensive local or regional plans or strategies to reduce emissions from goods movement activities in its jurisdiction.

(b) Notwithstanding Section 16304.1 of the Government Code, an applicant receiving funds pursuant to this chapter shall have up to two years from the date that the funds are allocated to the applicant to award the contract for implementation of the project, or the funds shall revert to the California Ports Infrastructure, Security, and Air Quality Improvement Account for allocation as provided in paragraph (2) of subdivision (c) of Section 8879.23 of the Government Code upon appropriation by the Legislature. Funds not liquidated within four years of the date of the award of the contract between the applicant and the contractor shall revert to the California Ports Infrastructure, Security, and Air Quality Improvement Account for allocation as provided in paragraph (2) of subdivision (c) of Section 8879.23 of the Government Code upon appropriation by the Legislature. Returned funds or unspent funds from obligated contracts received by the applicant prior to the end of the liquidation period shall revert to the California Ports Infrastructure, Security, and Air Quality Improvement Account for allocation provided in paragraph (2) of subdivision (c) of Section 8879.23 of the Government Code upon appropriation by the Legislature.

(c) Of the amount appropriated in Item 3900–001–6054 of the Budget Act of 2007, not more than twenty-five million dollars (\$25,000,000) shall be available to the state board for the purpose of executing grant agreements directly with ports, railroads, or local air districts for eligible projects to achieve the earliest possible health risk reduction from the emission sources identified in subdivision (c) of Section 39625.1. It is the intent of the Legislature that funds allocated pursuant to this subdivision be distributed pursuant to the guidelines adopted by the state board under Section 39626, and that the board provide sufficient opportunity for the public to review and comment on any projects proposed to be funded pursuant to this subdivision.

39627. The state board may seek reimbursement for program administration costs annually through an appropriation in the Budget Act from funds available pursuant to paragraph (2) of subdivision (c) of Section 8879.23 of the Government Code.

39627.5. The state board shall submit an annual report to the Legislature summarizing its activities related to the administration of this chapter with the Governor’s proposed budget, on January 10, for the ensuing fiscal year. The summary shall, at a minimum, include a description of projects funded pursuant to this chapter, the amount of funds allocated for each project, the location of each project, the status of each project, and a quantitative description of the emissions reductions achieved through the project or program.

SEC. 3. Chapter 10 (commencing with Section 44299.90) is added to Part 5 of Division 26 of the Health and Safety Code, to read:

CHAPTER 10. CALIFORNIA CLEAN SCHOOLBUS PROGRAM

44299.90. The Legislature finds and declares as follows:

(a) Diesel emissions from schoolbuses contribute to significant health and safety risk to children, cause air pollution, and contribute to greenhouse gas emissions.

(b) The intent of this chapter is to ensure funds made available by the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 are equitably distributed among geographic regions to retrofit and replace older and higher polluting schoolbuses in furtherance of improving air quality and protecting public health.

44299.901. (a) As used in this chapter and in Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code, the following terms have the following meanings:

(1) “Administrative agency” means the state agency responsible for programming bond funds made available by Chapter 12.49 (commencing

with Section 8879.20) of Division 1 of Title 2 of the Government Code, as specified in subdivision (c).

(2) Unless otherwise specified in this chapter, “project” includes equipment purchase, right-of-way acquisition, and project delivery costs.

(3) “Recipient agency” means the recipient of bond funds made available by Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code that is responsible for implementation of an approved project.

(4) “Fund” shall have the meaning as defined in subdivision (c) of Section 8879.20 of the Government Code.

(b) Administrative costs, including audit and program oversight costs for the agency administering the program funded pursuant to this chapter, recoverable by bond funds shall not exceed 5 percent of the program’s costs.

(c) The State Air Resources Board is the administrative agency for the schoolbus retrofit and replacement allocation pursuant to subdivision (d) of Section 8879.23 of the Government Code.

(d) The administrative agency may not approve project fund allocations for any project until the recipient agency provides a project funding plan that demonstrates that the funds are expected to be reasonably available and sufficient to complete the project. The administrative agency may approve funding for useable project segments only if the benefits associated with each individual segment are sufficient to meet the objectives of the program from which the individual segment is funded.

(e) Guidelines adopted by the administrative agency pursuant to this chapter and Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code are intended to provide internal guidance for the agency and shall be exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code), and shall do all of the following:

(1) Provide for audit of project expenditures and outcomes.

(2) Require that the useful life of the project be identified as part of the project nomination process.

(3) Require that project nominations have project delivery milestones, including, but not limited to, start and completion dates for environmental clearance, land acquisition, design, construction bid award, construction completion, and project closeout, as applicable.

(f) (1) As a condition for allocation of funds to a specific project under Chapter 12.49 (commencing with Section 8879.20), the administrative agency shall require the recipient agency to report, on a semiannual basis, on the activities and progress made toward

implementation of the project. The administrative agency shall forward the report to the Department of Finance by means approved by the Department of Finance. The purpose of the report is to ensure that the project is being executed in a timely fashion, and is within the scope and budget identified when the decision was made to fund the project. If it is anticipated that project costs will exceed the approved project budget, the recipient agency shall provide a plan to the administrative agency for achieving the benefits of the project by either downscoping the project to remain within budget or by identifying an alternative funding source to meet the cost increase. The administrative agency may either approve the corrective plan or direct the recipient agency to modify its plan.

(2) Within six months of the project becoming operable, the recipient agency shall provide a report to the administrative agency on the final costs of the project as compared to the approved project budget, the project duration as compared to the original project schedule as of the date of allocation, and performance outcomes derived from the project compared to those described in the original application for funding. The administrative agency shall forward the report to the Department of Finance by means approved by the Department of Finance.

44299.91. Of the funds appropriated pursuant to Item 3900-001-6053 of Section 2.00 of the Budget Act of 2007, the State Air Resources Board shall allocate the funds in accordance with all of the following:

(a) All schoolbuses in operation in the state of model year 1976 or earlier shall be replaced.

(b) (1) The funds remaining after the allocation made pursuant to subdivision (a) shall be apportioned to local air quality management districts and air pollution control districts based on the number of schoolbuses of model years 1977 to 1986, inclusive, that are in operation within each district.

(2) Each district shall determine the percentage of its allocation to spend between replacement of schoolbuses of model years 1977 to 1986, inclusive, and retrofit of schoolbuses of any model year. Of the funds spent by a district for replacement of schoolbuses pursuant to this paragraph, a district shall replace the oldest schoolbuses of model years 1977 to 1986, inclusive, within the district. Of the funds spent by a district for retrofit of schoolbuses pursuant to this paragraph, a district shall retrofit the most polluting schoolbuses within the district.

(c) All schoolbuses replaced pursuant to this section shall be scrapped.

(d) These funds shall be administered by either the California Energy Commission or the local air district.

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 implement the transportation programs funded by voter-approved bonds as efficiently and expeditiously as possible, it is necessary that this act take effect immediately.

CHAPTER 182

An act to amend Sections 69522, 69526, and 69766 of, and to add Article 2.4 (commencing with Section 69521) to Chapter 2 of Part 42 of Division 5 of Title 3 of, the Education Code, relating to student financial aid, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Article 2.4 (commencing with Section 69521) is added to Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, to read:

Article 2.4. Maximizing the Value of the State Student Loan Guarantee Program Assets and Liabilities

69521. (a) The Legislature finds and declares both of the following:

(1) The student loan guarantee business is not a core mission of government. Recognition of this fact led, in 1996, to the approval of the establishment of an auxiliary organization for the purpose of providing operational and administrative services for the Student Aid Commission's participation in the Federal Family Education Loan Program.

(2) Pursuant to that authority, an auxiliary organization was established to provide, pursuant to contract, certain services to the Student Aid Commission.

(b) It is the intent of the Legislature that the value of the auxiliary organization's arrangement with the Student Aid Commission and the Student Aid Commission's participation in the Federal Family Education Loan Program be maximized through either of the following:

(1) The sale of the state's interest in the student loan guarantee portfolio of the Student Aid Commission and certain related assets and liabilities of the student loan guarantee program operated by the Student

Aid Commission, to a firm approved to act as a state student loan guarantee agency for the Federal Family Education Loan Program by the Secretary of Education.

(2) The entry into an arrangement for the operation of the state student loan guarantee program by an entity meeting the financial and compliance standards established for the Federal Family Education Loan Program.

69521.2. For the purposes of this article, all of the following definitions apply:

(a) "Auxiliary organization" means the organization established pursuant to Article 2.5 (commencing with Section 69522).

(b) "Director" means the Director of Finance.

(c) "Federal Family Education Loan Program" means the program established pursuant to Part B (commencing with Section 1071) of Subchapter IV of Chapter 28 of Title 20 of the United States Code, and includes, but is not necessarily limited to, the Stafford and PLUS loan programs.

(d) "Federal Student Loan Reserve Fund" means the fund of that name established pursuant to Section 69766.

(e) "Operating agreement" means the agreement entered into between the Student Aid Commission and the auxiliary organization pursuant to Section 69522.

(f) "Secretary of Education" means the United States Secretary of Education and the Secretary of Education acting through the United States Department of Education.

(g) "State student loan guarantee program" means the activities performed by the Student Aid Commission as a state student loan guarantee agency pursuant to Public Law 94-482, and subsequent federal regulations, as authorized pursuant to Article 13 (commencing with Section 69760) or on behalf of the Student Aid Commission by the auxiliary organization.

(h) "State student loan guarantee program assets" means all of the assets of the state student loan guarantee program held by the Student Aid Commission and all assets of the auxiliary organization, tangible and intangible, including, without limitation, the state's interest in all loan guarantee contracts and agreements, the funds deposited in the Student Loan Operating Fund other than federal funds, all funds held by the auxiliary organization other than federal funds, and the state's interest in any leases of real property or equipment entered into by the auxiliary organization. These assets shall not include any property of the United States held by the Student Aid Commission or the auxiliary organization, as determined pursuant to Public Law 94-482, or subsequent federal regulations.

(i) "State student loan guarantee program liabilities" means all of the liabilities of the state student loan guarantee program as determined by the Director of Finance.

(j) "Student Loan Operating Fund" means the fund of that name established by Section 69766.

(k) "Transferee guarantee agency" means an alternative student loan guarantee agency for the Federal Family Education Loan Program that is the purchaser of the state student loan guarantee program assets and liabilities.

(l) "Transferee guaranty program operator" means the entity with which the state enters into an arrangement for the operation of the state student loan guarantee program pursuant to this article.

(m) "Treasurer" means the State Treasurer.

69521.3. (a) The Director of Finance is hereby authorized to act as agent for the state and, in that capacity, to sell the state student loan guarantee program assets and liabilities not retained by the Student Aid Commission to an entity that the director, in consultation with the Treasurer, determines will provide the best combination of each of the following:

(1) The highest price for those state student loan guarantee program assets and liabilities.

(2) The greatest security for the payment of the purchase price.

(3) Demonstrated competence and professional qualifications necessary for the continued satisfactory performance of student loan guarantee services.

(4) The approval of the Secretary of Education.

(5) The quality of student services offered, including, but not necessarily limited to, borrower training in budgeting and financial management, including debt management and other forms of financial literacy.

(6) Borrower transparency or disclosure policies for products or services, or both, offered to students outside of the federal student loan programs.

(b) Notwithstanding any other provision of law, the sale process shall include the steps the director, in consultation with the Treasurer, deems necessary or convenient to achieve the ends set forth in this section. The process shall include, but not necessarily be limited to, all of the following:

(1) The satisfaction of criteria established by the director, in consultation with the Treasurer, consistent with achieving a combination of the best price for those state student loan guarantee program assets and liabilities and the continued operation of student loan guarantee services for California under the Federal Family Education Loan

Program. These criteria shall include any pertinent requirements of the Secretary of Education.

(2) A Notice of Request for Qualifications sent by the Director of Finance to each firm currently acting as a state student loan guarantee agency under the Federal Family Education Loan Program and any entity proposed by the Secretary of Education, and advertised in the State Contracts Register pursuant to Sections 14827.1 and 14827.2 of the Government Code. This notice shall include a description of the state student loan guarantee program, a summary description of the state student loan guarantee program assets and liabilities offered for sale, and a description of the due diligence review process to provide potential purchasers with further information regarding the state student loan guarantee program assets and liabilities offered for sale, the selection criteria on which the transaction will be based, the submission requirements and deadlines, and a Department of Finance contact name and telephone number for more information.

(3) The evaluation by the director, in consultation with the Treasurer, of all statements timely submitted in response to the Notice of Request for Qualifications sent pursuant to paragraph (2), using the criteria contained in the notice, and, based on those statements, the establishment of a qualified purchasers list.

69521.4. (a) If, after seeking the advice of, and in active participation with, the Treasurer, the Director of Finance determines that an alternative arrangement to the sale of the state student loan guarantee program assets and liabilities may be financially beneficial to the state, the Director of Finance is also hereby authorized to enter into an arrangement other than that authorized in Section 69521.3, for the purpose of maximizing the value of the state student loan guarantee program assets and liabilities. This arrangement may take any form the director, in consultation with the Treasurer, deems advisable to provide the best combination of each of the following:

- (1) The greatest value to the General Fund.
- (2) The greatest financial security for achieving value to the General Fund.
- (3) The continued satisfactory performance of student loan guarantee services.
- (4) The approval of the United States Secretary of Education, to the extent required by Public Law 94-482, or subsequent federal regulations.
- (5) The quality of student services offered, including, but not necessarily limited to, borrower training in budgeting and financial management, including debt management and other forms of financial literacy.

(6) Borrower transparency or disclosure policies for products or services, or both, offered to students outside of the federal student loan programs.

(b) Notwithstanding any other provision of law, this process shall include the steps the Director of Finance, in consultation with the Treasurer, deems necessary or convenient to achieve the ends set forth in this section. The process shall include, but not necessarily be limited to, all of the following:

(1) The satisfaction of the established criteria consistent with achieving a combination of the greatest value to the General Fund and the continued operation of student loan guarantee services for California under the Federal Family Education Loan Program. The criteria shall include any pertinent requirements of the Secretary of Education.

(2) A Notice of Request for Qualifications sent by the director to each nonprofit entity currently acting as a state student loan guaranty agency under the Federal Family Education Loan Program, any entity known to the director to be acting as a servicing agent for a state student loan guaranty agency, and any nonprofit entity proposed by the Secretary of Education, and advertised in the State Contracts Register pursuant to Sections 14827.1 and 14827.2 of the Government Code. The notice shall include a description of the state student loan guarantee program, a summary description of the state student loan guarantee program assets and liabilities, and a description of the due diligence review process to provide further information regarding the state student loan guarantee program assets and liabilities, the selection criteria on which the transaction will be based, submission requirements and date, and a Department of Finance contact name and phone number for more information.

(3) The evaluation by the director, in consultation with the Treasurer, of all statements timely submitted in response to the Notice of Request for Qualifications, using the criteria contained in the notice, and, based on the statements, the establishment of a qualified purchasers list.

69521.5. (a) The Director of Finance is authorized to take all actions that he or she deems to be necessary or convenient to accomplish any of the following:

(1) To preserve the state student loan guarantee program assets, pending consummation of their sale or the consummation of any other transaction, to maximize the value of the state student loan guarantee program to the state, including, without limitation, as authorized in Sections 69522, 69526, and 69766.

(2) To engage in negotiations with, and provide sufficient information regarding the state student loan guarantee assets and liabilities to,

potential purchasers or any potential transferee guaranty program operator.

(3) To either consummate the sale of, and transfer, the state student loan guarantee program assets and liabilities not retained to the Student Aid Commission to the transferee guarantee agency, or to consummate the agreement with the transferee guaranty program operator.

(4) To seek and negotiate with the United States Secretary of Education the designation of any alternative state student loan guarantee agency for California under the Federal Family Education Loan Program or the approval of the Secretary of Education of any transferee guaranty program operator to the extent required by Public Law 94-82, or subsequent federal regulations.

(5) To transfer the Federal Student Loan Reserve Fund to any transferee guaranty agency in a manner that is consistent with the intentions of the United States Secretary of Education.

(6) To transfer any of the state student loan guarantee program assets in the form of cash or investments not transferred to any transferee guaranty agency or transferee guarantee program operator directly to the General Fund.

(7) To retain any state student loan guarantee program assets determined by the director to be necessary or appropriate for the purposes of the Student Aid Commission.

(b) In order to accomplish the purposes of this article, the Director of Finance shall do all of the following:

(1) Notify the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the Senate and Assembly Budget Committees of the director's determination to proceed with a transaction other than the sale of the state student loan guarantee program assets and liabilities pursuant to Section 69521.3, providing that notice no less than 30 days prior to the consummation of the transaction with the transferee guarantee program operator, or at a later date that the director determines to be most beneficial to the negotiations of the transaction.

(2) Upon the consummation of the sale of the state student loan guarantee program assets to a transferee guaranty agency, the Director of Finance shall notify the Secretary of State and the Chairperson of the Joint Legislative Budget Committee.

(3) Upon the consummation of a transaction authorized by this article with a transferee guarantee program operator, the Director of Finance shall notify the Secretary of State and the Chairperson of the Joint Legislative Budget Committee.

(c) In order to accomplish the purposes of this article:

(1) The Student Aid Commission shall cooperate fully with the Director of Finance and, in particular, take all steps to preserve the state

student loan guarantee program assets deemed necessary or convenient by the Director of Finance, including, without limitation, as set forth in Sections 69522, 69526, and 69766.

(2) The Student Aid Commission shall direct the auxiliary organization to cooperate fully with the director.

(3) Until the consummation of the sale or other transaction to maximize the value of the state student loan guarantee program to the state, all of the actions, approvals, and directions of the Student Aid Commission affecting the state student loan guarantee program shall be effective only upon the approval of the Director of Finance.

(4) Notwithstanding any provision of the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code), the auxiliary organization shall, as directed by the commission under paragraph (2), cooperate fully with the Director of Finance.

69521.6. Notwithstanding any other provision of law, neither the approval of the Attorney General nor of the Director of General Services is required for the execution and implementation of the sale, lease, conveyance, exchange, transfer, or other disposition of the auxiliary organization, any state student loan guarantee program assets or liabilities held by the auxiliary organization, or any sale or other arrangement authorized by this article.

69521.7. The state student loan guarantee program assets and liabilities shall be transferred to the transferee guarantee agency upon the completion of any sale pursuant to this article, and may be transferred to the transferee guaranty program operator if contemplated by the transaction entered into pursuant to Section 69521.4.

69521.8. (a) The Director of Finance shall deposit all proceeds of any sale of, or any funds achieved through any other arrangement to maximize the value of, the state student loan guarantee program assets and liabilities under this article, net of any costs related to that transaction, into the General Fund.

(b) The proceeds of any sale of, or any funds achieved through any other arrangement to maximize the value of, the state student loan guarantee program assets and liabilities are not "proceeds of taxes" as that term is used in subdivision (c) of Section 8 of Article XIII B of the California Constitution. The disbursement of these proceeds is not subject to the limitations imposed by that article.

69521.9. (a) Notwithstanding any other provision of law, the Director of Finance is authorized to enter into an agreement with a firm or individual to act as an advisor to the state in the transactions contemplated by this article. Section 14838 of the Government Code and Article 4 (commencing with Section 10335) of Chapter 2 of Part 2 of Division 2

of the Public Contract Code does not apply to any agreement entered into by the director with an advisor pursuant to this section.

(b) Notwithstanding any other provision of law, the Director of Finance is also authorized to enter into a legal services agreement to obtain specialized legal advice related to the transactions contemplated by this article. Section 11040 of the Government Code and Section 6072 of the Business and Professions Code shall not apply to the legal services agreement entered into by the director pursuant to this section.

69521.10. (a) The Director of Finance, in consultation with the Treasurer, shall select a firm or individual to provide advisory services based on demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required, in the manner described in this section.

(b) The Director of Finance and the Treasurer shall establish selection criteria for selecting an advisor. The criteria may include, but are not necessarily limited to, factors such as professional excellence, demonstrated competence, specialized experience in performing similar services, education and experience of key personnel to be assigned, staff capability, ability to meet schedules, nature and quality of similar completed work of the firm or individual, reliability and continuity of the firm or individual, and other considerations deemed by the director and the Treasurer to be relevant and necessary to the performance of advisory services.

(c) The Director of Finance shall, for the purposes of obtaining services under this section, send a Notice of Request for Qualifications to firms and individuals in the Treasurer's underwriter and financial advisor pools. The director shall publish this notice in the State Contracts Register pursuant to Sections 14827.1 and 14827.2 of the Government Code. The notice shall include a description of the advisory services required, the selection criteria based on which the contract award will be made, submission requirements and deadlines, and a Department of Finance contact name and telephone number for more information.

(d) (1) After the final response date stated in the Notice of Request for Qualifications, the Director of Finance and the Treasurer shall review the responses submitted, and shall evaluate them using the criteria contained in the notice. The director and the Treasurer shall rank, in order of preference based on the criteria contained in the notice, the firm or individuals determined to be qualified to perform the required services.

(2) The Director of Finance and the Treasurer, or their designees, may interview any of the qualified firms or individuals regarding the experience and qualifications of those firms or individuals, as well as anticipated concepts and the benefits of alternative methods of furnishing the required services.

(e) (1) Following the interviews, if any, held pursuant to subdivision (d), the Director of Finance and the Treasurer shall adjust the ranking of the qualified individuals or firms to reflect those firms or individuals deemed to be the most highly qualified to perform the required services.

(2) The Director of Finance, in consultation with the Treasurer, shall enter into negotiations with the firm or individual most highly ranked pursuant to paragraph (1). If negotiations are concluded successfully, the director shall enter into a contract. If the director, in his sole discretion, concludes that the negotiations are unsuccessful, the director shall terminate the negotiations, and begin new negotiations, in consultation with the Treasurer, with the other firms or individuals ranked pursuant to paragraph (1) in order of their ranking, and either contract with or terminate negotiations with each next most highly ranked firm or individual.

(3) If, after pursuing the negotiation process set forth in paragraph (2), the Director of Finance has been unable to negotiate a satisfactory contract at fair and reasonable compensation, the director may reinstitute the selection process prescribed in this section, commencing with the issuance of a new Notice of Request for Qualifications.

69521.11. (a) The Director of Finance shall notify the Joint Legislative Budget Committee in writing upon his or her determination that neither the sale nor any other transaction authorized by this article is anticipated to achieve the purposes of this article.

(b) The Director of Finance shall cease those activities he or she is authorized or directed to undertake pursuant to this article and Sections 69522, 69526, and 69766 upon the earlier of:

(1) The 30th day following written notice by the director to the Chairperson of the Joint Legislative Budget Committee pursuant to subdivision (a) of this section.

(2) January 10, 2009.

SEC. 2. Section 69522 of the Education Code is amended to read:

69522. (a) (1) The commission may establish an auxiliary organization for the purpose of providing operational and administrative services for the commission's participation in the Federal Family Education Loan Program, or for other activities approved by the commission and determined by the commission to be all of the following:

(A) Related to student financial aid.

(B) Consistent with the general mission of the commission.

(C) Consistent with the purposes of the federal Higher Education Act of 1965 (Public Law 89-329) and amendments thereto.

(2) The activities approved by the commission under this subdivision shall not include either of the following:

(A) The issuance of bonds.

(B) Loan origination or loan capitalization activities. This paragraph shall not preclude the commission or the auxiliary organization from undertaking other permitted activities that are related to student financial aid in partnership with institutions that conduct loan origination or loan capitalization activities.

(b) The auxiliary organization shall be established and maintained as a nonprofit public benefit corporation subject to the Nonprofit Public Benefit Corporation Law in Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code, except that, if there is a conflict between this article and the Nonprofit Public Benefit Corporation Law, this article shall prevail.

(c) (1) The commission shall maintain its responsibility for financial aid program administration, policy leadership program evaluation, and information development and coordination. The auxiliary organization shall provide operational and support services essential to the administration of the Federal Family Education Loan Program and other permitted activities that are related to student financial aid, if those services are determined by the commission to be consistent with the overall mission of the commission.

(2) On or after the operative date of Article 2.4 (commencing with Section 69521), the commission shall not authorize the auxiliary organization to perform any new or additional services except those deemed by the Director of Finance to be necessary or convenient either for the operation of the state student loan guarantee program, as defined in Section 69521.2, or to accomplish the goal of maximizing the value of the state student loan guarantee program assets and liabilities pursuant to Article 2.4 (commencing with Section 69521).

(3) The implementation and effectuation of the auxiliary organization shall be carried out so as to enhance the administration and delivery of commission programs and services. The commission shall conduct regular performance evaluations of the operation of auxiliary organizations in furtherance of its fiscal and fiduciary responsibilities for approved programs.

(d) (1) (A) The operations of the auxiliary organization shall be conducted in conformity with an operating agreement approved annually by the commission. On and after January 1, 2002, the commission may approve an operating agreement for a period not to exceed five years. Prior to approval, the commission shall provide a copy of the proposed operating agreement to the Department of Finance and the Joint Legislative Budget Committee for their review and comment. The operations of the auxiliary organization shall be limited to services prescribed in that agreement.

(B) On or after the operative date of Article 2.4 (commencing with Section 69521), the commission shall not approve any operating agreement that permits the auxiliary organization to perform any new or additional services, except those deemed by the Director of Finance to be necessary or convenient either for the operation of the state student loan guarantee program, as defined in Section 69521.2, or to accomplish the goal of maximizing the value of the state student loan guarantee program assets and liabilities pursuant to Article 2.4 (commencing with Section 69521).

(2) Prior to approval of any amendment to an existing operating agreement or any new operating agreement with an auxiliary organization or subsidiary auxiliary organization for the purpose of delineating new services or activities authorized pursuant to subdivision (a), the commission shall provide the Director of Finance and the Joint Legislative Budget Committee with at least 45 days advance notice in writing that includes a description of the proposed operating agreement. If the Director of Finance or the Joint Legislative Budget Committee notifies the commission regarding issues of concern with the proposed operating agreement, the commission shall convene a meeting of appropriate representatives from the commission, the Department of Finance, and the Legislature to resolve those issues.

(e) The commission shall oversee the development and operations of the auxiliary organization in a manner that ensures broad public input and consultation with representatives of the financial aid community, colleges and universities, and state agencies.

SEC. 3. Section 69526 of the Education Code is amended to read:

69526. (a) The board of directors shall approve all expenditures and fund authorizations of the auxiliary organization. Authorizations of expenditure of funds for use outside of the normal business operations of the auxiliary organization shall be approved by an officer of the commission and in accordance with commission policy.

(b) On or after the operative date of Article 2.4 (commencing with Section 69521), and, notwithstanding any approval by the commission or any of its officers or employees or by the board of directors made after August 1, 2007, any expenditure of funds held by the auxiliary organization for the following purposes shall be subject to the prior approval of the Director of Finance:

(1) Increases in compensation or benefits for officers of the auxiliary organization, including discretionary bonuses and retention bonuses.

(2) Outreach programs, public awareness campaigns, or diversification of the auxiliary organization's business or data processing systems that are not deemed by the Director of Finance to be necessary or convenient either for the operation of the state student loan guarantee program, as

defined in Section 69521.2, or to accomplish the purposes of Article 2.4 (commencing with Section 69521).

(3) Activities other than any of the following:

(A) Those directly related to providing guarantees under the Federal Family Education Loan Program, which shall not be deemed to include any of the activities set forth in paragraph (2).

(B) Those required to provide operational support services to the commission pursuant to the operating agreement between the commission and the auxiliary organization, which shall not be deemed to include any of the activities set forth in paragraph (2).

(C) Those deemed by the Director of Finance to be necessary or convenient either for the operation of the state student loan guarantee program, as defined in Section 69521.2, or to accomplish the purposes of Article 2.4 (commencing with Section 69521).

(c) The commission, in consultation with the Department of Finance and the board of directors of the auxiliary organization, shall do all of the following:

(1) Institute a standard accounting and reporting system for the management and operations of the auxiliary organization.

(2) Implement financial standards that will ensure the fiscal viability of the auxiliary organization. The standards shall include proper provision for professional management, adequate working capital, adequate reserve funds for current operations and capital replacements, and adequate provisions for new business requirements.

(3) Institute procedures to ensure that transactions of the auxiliary organization are consistent with the mission of the commission.

(4) Develop policies for the expenditure of funds derived from indirect cost payments not required to implement paragraph (2). The use of those funds shall be regularly reported to the board of directors.

(d) The auxiliary organization shall not accept any grant, contract, bequest, trust, or gift, unless it is so conditioned that it may be used only for purposes consistent with the policies of the commission.

SEC. 4. Section 69766 of the Education Code is amended to read:

69766. (a) The Federal Student Loan Reserve Fund and the Student Loan Operating Fund are hereby created in the State Treasury. On January 1, 2000, the State Guaranteed Loan Reserve Fund shall cease to exist, and funds deposited, or required to be deposited in that fund, shall be transferred to the Federal Student Loan Reserve Fund or to the Student Loan Operating Fund and allocated to those funds in accordance with the requirements of federal law.

(b) All money received for the purposes of this article from federal, state or local governments, including any money deposited in the State Guaranteed Loan Reserve Fund, or from other private or public sources,

shall be deposited in the Federal Student Loan Reserve Fund or the Student Loan Operating Fund and allocated to those funds in accordance with the requirements of federal law. Funds deposited in the Federal Student Loan Reserve Fund or the Student Loan Operating Fund are not part of the General Fund, as defined in Section 16300 of the Government Code. No moneys from the General Fund shall be deposited in the Federal Student Loan Reserve Fund or the Student Loan Operating Fund.

(c) The contents of the Federal Student Loan Reserve Fund are federal funds, administered in accordance with federal laws and regulations. The contents of the Student Loan Operating Fund are state funds within the custody and control of the Student Aid Commission.

(d) Notwithstanding Section 13340 of the Government Code, all moneys deposited in the Federal Student Loan Reserve Fund and the Student Loan Operating Fund are hereby continuously appropriated, without regard to fiscal years, for purposes of this article. The continuous appropriation made by this section shall be available to assume the obligation under any outstanding budget act appropriation from the State Guaranteed Loan Reserve Fund as it existed prior to January 1, 2000. On or after the operative date of Article 2.4 (commencing with Section 69521), the expenditure of funds from the Student Loan Operating Fund is subject to the limitations set forth in Sections 69522 and 69526.

(e) The total amount of all outstanding debts, obligations, and liabilities that may be incurred or created under this article or under Article 2.5 (commencing with Section 69522), including any obligation to repay to the United States any funds provided under Title IV of the "Higher Education Act of 1965," and extensions thereof or amendments thereto, or any similar act of Congress, is limited to the amount contained in the Federal Student Loan Reserve Fund or the Student Loan Operating Fund, and the state shall not be liable to the United States, or to any other person or entity, beyond the amount contained in the Federal Student Loan Reserve Fund or the Student Loan Operating Fund for any debts, obligations, and liabilities.

SEC. 5. The sum of three hundred thousand dollars (\$300,000) is hereby appropriated from the General Fund to the Director of Finance for the purposes of obtaining professional advice and counsel related to the sale of the state student loan guarantee program assets and liabilities pursuant to Sections 69521.8 and 69521.9 of the Education Code.

SEC. 6. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to implement provisions of the Budget Act of 2007 relating to the Student Aid Commission and its auxiliary organization at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 183

An act to repeal Sections 350 and 352 of the Business and Professions Code, and to amend Sections 3513, 3527, 11550, and 12804 of, to add Chapter 5.7 (commencing with Section 11549) to Part 1 of Division 3 of Title 2 of, to add and repeal Chapter 5.6 (commencing with Section 11545) of Part 1 of Division 3 of Title 2 of, and to repeal Section 11545 of, the Government Code, relating to state government.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Section 350 of the Business and Professions Code is repealed.

SEC. 2. Section 352 of the Business and Professions Code is repealed.

SEC. 3. Section 3513 of the Government Code is amended to read: 3513. As used in this chapter:

(a) "Employee organization" means any organization that includes employees of the state and that has as one of its primary purposes representing these employees in their relations with the state.

(b) "Recognized employee organization" means an employee organization that has been recognized by the state as the exclusive representative of the employees in an appropriate unit.

(c) "State employee" means any civil service employee of the state, and the teaching staff of schools under the jurisdiction of the State Department of Education or the Superintendent of Public Instruction, except managerial employees, confidential employees, supervisory employees, employees of the Department of Personnel Administration, professional employees of the Department of Finance engaged in technical or analytical state budget preparation other than the auditing staff, professional employees in the Personnel/Payroll Services Division of the Controller's office engaged in technical or analytical duties in support of the state's personnel and payroll systems other than the training staff, employees of the Legislative Counsel Bureau, employees of the Bureau of State Audits, employees of the office of the Inspector General, employees of the board, conciliators employed by the State

Conciliation Service within the Department of Industrial Relations, employees of the Office of the State Chief Information Officer except as otherwise provided in Section 11546.5, and intermittent athletic inspectors who are employees of the State Athletic Commission.

(d) "Mediation" means effort by an impartial third party to assist in reconciling a dispute regarding wages, hours and other terms and conditions of employment between representatives of the public agency and the recognized employee organization or recognized employee organizations through interpretation, suggestion and advice.

(e) "Managerial employee" means any employee having significant responsibilities for formulating or administering agency or departmental policies and programs or administering an agency or department.

(f) "Confidential employee" means any employee who is required to develop or present management positions with respect to employer-employee relations or whose duties normally require access to confidential information contributing significantly to the development of management positions.

(g) "Supervisory employee" means any individual, regardless of the job description or title, having authority, in the interest of the employer, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibility to direct them, or to adjust their grievances, or effectively to recommend this action, if, in connection with the foregoing, the exercise of this authority is not of a merely routine or clerical nature, but requires the use of independent judgment. Employees whose duties are substantially similar to those of their subordinates shall not be considered to be supervisory employees.

(h) "Board" means the Public Employment Relations Board. The Educational Employment Relations Board established pursuant to Section 3541 shall be renamed the Public Employment Relations Board as provided in Section 3540. The powers and duties of the board described in Section 3541.3 shall also apply, as appropriate, to this chapter.

(i) "Maintenance of membership" means that all employees who voluntarily are, or who voluntarily become, members of a recognized employee organization shall remain members of that employee organization in good standing for a period as agreed to by the parties pursuant to a memorandum of understanding, commencing with the effective date of the memorandum of understanding. A maintenance of membership provision shall not apply to any employee who within 30 days prior to the expiration of the memorandum of understanding withdraws from the employee organization by sending a signed withdrawal letter to the employee organization and a copy to the Controller's office.

(j) “State employer,” or “employer,” for the purposes of bargaining or meeting and conferring in good faith, means the Governor or his or her designated representatives.

(k) “Fair share fee” means the fee deducted by the state employer from the salary or wages of a state employee in an appropriate unit who does not become a member of and financially support the recognized employee organization. The fair share fee shall be used to defray the costs incurred by the recognized employee organization in fulfilling its duty to represent the employees in their employment relations with the state, and shall not exceed the standard initiation fee, membership dues, and general assessments of the recognized employee organization.

SEC. 4. Section 3527 of the Government Code is amended to read: 3527. As used in this chapter:

(a) “Employee” means a civil service employee of the State of California. The “State of California” as used in this chapter includes such state agencies, boards, and commissions as may be designated by law that employ civil service employees, except the University of California, Hastings College of the Law, and the California State University.

(b) “Excluded employee,” means all managerial employees, as defined in subdivision (e) of Section 3513, all confidential employees, as defined in subdivision (f) of Section 3513, and all supervisory employees, as defined in subdivision (g) of Section 3513, and all civil service employees of the Department of Personnel Administration, professional employees of the Department of Finance engaged in technical or analytical state budget preparation other than the auditing staff, professional employees in the Personnel/Payroll Services Division of the Controller’s office engaged in technical or analytical duties in support of the state’s personnel and payroll systems other than the training staff, employees of the Legislative Counsel Bureau, employees of the Bureau of State Audits, employees of the Public Employment Relations Board, conciliators employed by the State Conciliation Service within the Department of Industrial Relations, employees of the office of the State Chief Information Officer except as provided in Section 11546.5, and intermittent athletic inspectors who are employees of the State Athletic Commission.

(c) “Supervisory employee organization” means an organization that represents members who are supervisory employees under subdivision (g) of Section 3513.

(d) “Excluded employee organization” means an organization that includes excluded employees of the state, as defined in subdivision (b), and that has as one of its primary purposes representing its members in

employer-employee relations. Excluded employee organization includes supervisory employee organizations.

(e) "State employer" or "employer," for purposes of meeting and conferring on matters relating to supervisory employer-employee relations, means the Governor or his or her designated representatives.

SEC. 5. Section 11545 of the Government Code is repealed.

SEC. 6. Chapter 5.6 (commencing with Section 11545) is added to Part 1 of Division 3 of Title 2 of the Government Code, to read:

CHAPTER 5.6. OFFICE OF THE STATE CHIEF INFORMATION OFFICER

11545. (a) There is in state government the office of the State Chief Information Officer. The State Chief Information Officer shall be appointed by, and serve at the pleasure of, the Governor, subject to Senate confirmation. The State Chief Information Officer shall be a member of the Governor's cabinet.

(b) The duties of the State Chief Information Officer shall include, but are not limited to, all of the following:

(1) Advising the Governor on the strategic management and direction of the state's information technology resources.

(2) Establishing and enforcing state information technology strategic plans, policies, standards, and enterprise architecture. This shall include the periodic review and maintenance of the information technology sections of the State Administrative Manual, except for sections on information technology procurement, information security and information technology fiscal policy. The State Chief Information Officer shall consult with the Director of General Services, the Director of the Office of Information Security and Privacy Protection, the Director of Finance, and other relevant agencies concerning policies and standards these agencies are responsible to issue as they relate to information technology.

(3) Minimizing overlap, redundancy, and cost in state operations by promoting the efficient and effective use of information technology.

(4) Coordinating the activities of agency and department chief information officers and the Director of Technology Services for purposes of integrating statewide technology initiatives, ensuring compliance with information technology policies and standards, including policies and standards issued by the Department of General Services and the Office of Information Security and Privacy Protection, and promoting alignment and effective management of information technology resources.

(5) Working to improve organizational maturity and capacity in the effective management of information technology.

(6) Establishing performance management and improvement processes to ensure state information technology systems and services are efficient and effective.

(7) Approving, suspending, terminating, and reinstating information technology projects.

(c) The office of the State Chief Information Officer shall produce an annual information technology strategic plan that shall guide the acquisition, management, and use of information technology. State agencies shall cooperate with the office in the development of this plan, as required by the State Chief Information Officer.

(1) Upon establishment of the information technology strategic plan, the State Chief Information Officer shall take all appropriate and necessary steps to implement the plan, subject to any modifications and adjustments deemed necessary and reasonable.

(2) The information technology strategic plan shall be submitted to the Joint Legislative Budget Committee by January 15, 2009, and annually thereafter.

11546. (a) The office of the State Chief Information Officer shall be responsible for the approval and oversight of information technology projects, which shall include, but are not limited to, all of the following:

(1) Establishing and maintaining a framework of policies, procedures, and requirements for the initiation, approval, implementation, management, oversight, and continuation of information technology projects.

(2) Evaluating information technology projects based on the business case justification, resources requirements, proposed technical solution, project management, oversight and risk mitigation approach, and compliance with statewide strategies, policies, and procedures. Projects shall continue to be funded through the established Budget Act process.

(3) Consulting with agencies during initial project planning to ensure that project proposals are based on well-defined programmatic needs, clearly identify programmatic benefits, and consider feasible alternatives to address the identified needs and benefits consistent with statewide strategies, policies, and procedures.

(4) Consulting with agencies prior to project initiation to review the project governance and management framework to ensure that it is best designed for success and will serve as a resource for agencies throughout the project implementation.

(5) Requiring agencies to provide information on information technology projects including, but not limited to, all of the following:

(A) The degree to which the project is within approved scope, cost, and schedule.

(B) Project issues, risks, and corresponding mitigation efforts.

- (C) The current estimated schedule and costs for project completion.
 - (6) Requiring agencies to perform remedial measures to achieve compliance with approved project objectives. These remedial measures may include, but are not limited to, any of the following:
 - (A) Independent assessments of project activities, the cost of which shall be funded by the agency administering the project.
 - (B) Establishing remediation plans.
 - (C) Securing appropriate expertise, the cost of which shall be funded by the agency administering the project.
 - (D) Requiring additional project reporting.
 - (E) Requiring approval to initiate any action identified in the approved project schedule.
 - (7) Suspending, reinstating, or terminating information technology projects. The office shall notify the Joint Legislative Budget Committee of any project suspension, reinstatement, and termination within 30 days of that suspension, reinstatement, or termination.
 - (8) Establishing restrictions or other controls to mitigate nonperformance by agencies, including, but not limited to, any of the following:
 - (A) The restriction of future project approvals pending demonstration of successful correction of the identified performance failure.
 - (B) The revocation or reduction of delegated authority.
 - (b) The office of the State Chief Information Officer shall have the authority to delegate to another agency any authority granted under this section based on its assessment of the agency's project management, project oversight, and project performance.
- 11546.5. (a) Employees of the Office of Technology Review, Oversight, and Security within the Department of Finance shall be transferred to the office of the State Chief Information Officer, the Office of Information Security and Privacy Protection, or the Finance Information Technology Consulting Unit within the Department of Finance.
- (b) Notwithstanding Section 19050.9, the Director of Finance shall have final approval over which persons serving in the Department of Finance Office of Technology Review, Oversight, and Security as of the effective date of this chapter are transferred to the office of the State Chief Information Officer, the Office of Information Security and Privacy Protection, and the Finance Information Technology Consulting Unit. The status, position, and rights of those persons transferring and those persons remaining within the Department of Finance shall be retained by them pursuant to Section 19050.9 and the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5).

(c) All relevant records and papers held for the benefit and use of the former Department of Information Technology in the performance of its statutory duties, powers, purposes, and responsibilities, and of the Office of Technology Review, Oversight, and Security within the Department of Finance in the performance of its statutory duties, powers, purposes, and responsibilities, except for records and papers with respect to information security, shall be transferred to the office of the State Chief Information Officer.

(d) Notwithstanding any other provision of law, all employees of the office of the State Chief Information Officer shall be designated as excluded from collective bargaining pursuant to subdivision (b) of Section 3527.

(e) Notwithstanding any other provision of law, the Director of Finance may enter into contractual agreements on behalf of the office of the State Chief Information Officer until the State Chief Information Officer is appointed by the Governor, but not later than June 30, 2008, whichever occurs first.

11547. The Department of Finance shall perform fiscal oversight of the state's information technology projects. This oversight shall consist of a determination of the availability of project funding from appropriate sources, and project consistency with state fiscal policy. Projects shall continue to be funded through the established Budget Act process.

11548. This chapter shall not apply to the State Compensation Insurance Fund, the Legislature, or the Legislative Data Center in the Legislative Counsel Bureau.

11548.5. This chapter 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. 7. Chapter 5.7 (commencing with Section 11549) is added to Part 1 of Division 3 of Title 2 of the Government Code, to read:

CHAPTER 5.7. OFFICE OF INFORMATION SECURITY AND PRIVACY
PROTECTION

11549. (a) There is in state government, in the State and Consumer Services Agency, the Office of Information Security and Privacy Protection. The purpose of the office is to ensure the confidentiality, integrity, and availability of state systems and applications, and to promote and protect consumer privacy to ensure the trust of the residents of this state.

(b) The office shall be under the direction of an executive officer, who shall be appointed by, and serve at the pleasure of, the Governor.

The executive officer shall report to the Secretary of State and Consumer Services, and shall lead the office in carrying out its mission.

(c) The duties of the office, under the direction of the executive officer, shall include, but are not limited to, all of the following:

(1) Provide direction for information security and privacy to state government agencies, departments, and offices, pursuant to Section 11549.3.

(2) Administer constituent programs and the Office of Privacy Protection pursuant to Section 11549.5.

11549.1. As used in this chapter, the following terms have the following meanings:

(a) "Executive officer" means the executive officer of the Office of Information Security and Privacy Protection.

(b) "Office" means the Office of Information Security and Privacy Protection.

(c) "Program" means an information security program established pursuant to Section 11549.3.

11549.2. (a) (1) Employees assigned to the security unit of the Office of Technology Review, Oversight, and Security within the Department of Finance, and the employees of the Office of Privacy Protection within the Department of Consumer Affairs are transferred to the office, within the State and Consumer Services Agency.

(2) The status, position, and rights of any employee transferred pursuant to this section shall not be affected by the transfer.

11549.3. (a) The executive officer shall establish an information security program. The program responsibilities include, but are not limited to, all of the following:

(1) The creation, updating, and publishing of information security and privacy policies, standards, and procedures for state agencies in the State Administrative Manual.

(2) The creation, issuance, and maintenance of policies, standards, and procedures directing state agencies to effectively manage security and risk for all of the following:

(A) Information technology, which includes, but is not limited to, all electronic technology systems and services, automated information handling, system design and analysis, conversion of data, computer programming, information storage and retrieval, telecommunications, requisite system controls, simulation, electronic commerce, and all related interactions between people and machines.

(B) Information that is identified as mission critical, confidential, sensitive, or personal, as defined and published by the office.

(3) The creation, issuance, and maintenance of policies, standards, and procedures directing state agencies for the collection, tracking, and reporting of information regarding security and privacy incidents.

(4) The creation, issuance, and maintenance of policies, standards, and procedures directing state agencies in the development, maintenance, testing, and filing of each agency's operational recovery plan.

(5) Coordination of the activities of agency information security officers, for purposes of integrating statewide security initiatives and ensuring compliance with information security and privacy policies and standards.

(6) Promotion and enhancement of the state agencies' risk management and privacy programs through education, awareness, collaboration, and consultation.

(7) Representing the state before the federal government, other state agencies, local government entities, and private industry on issues that have statewide impact on information security and privacy.

(b) (1) Every state agency, department, and office shall comply with the information security and privacy policies, standards, and procedures issued pursuant to this chapter by the Office of Information Security and Privacy Protection.

(2) Every state agency, department, and office shall comply with filing requirements and incident notification by providing timely information and reports as required by policy or directives of the office.

(3) The office may conduct, or require to be conducted, independent security assessments of any state agency, department, or office, the cost of which shall be funded by the state agency, department, or office being assessed.

(4) The office may require an audit of information security to ensure program compliance, the cost of which shall be funded by the state agency, department, or office being audited.

(5) The office shall report to the office of the State Chief Information Officer any state agency found to be noncompliant with information security program requirements.

11549.4. The office shall consult with the State Chief Information Officer, the Office of Emergency Services, the Director of General Services, the Director of Finance, and any other relevant agencies concerning policies, standards, and procedures related to information security and privacy.

11549.5. There is hereby created in the office, the Office of Privacy Protection. The purpose of the Office of Privacy Protection shall be to protect the privacy of individuals' personal information in a manner consistent with the California Constitution by identifying consumer problems in the privacy area and facilitating the development of fair

information practices in adherence with the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code).

(b) The Office of Privacy Protection shall inform the public of potential options for protecting the privacy of, and avoiding the misuse of, personal information.

(c) The Office of Privacy Protection shall make recommendations to organizations for privacy policies and practices that promote and protect the interests of the consumers of this state.

(d) The Office of Privacy Protection may promote voluntary and mutually agreed upon nonbinding arbitration and mediation of privacy-related disputes where appropriate.

(e) The Office of Privacy Protection shall do all of the following:

(1) Receive complaints from individuals concerning any person obtaining, compiling, maintaining, using, disclosing, or disposing of personal information in a manner that may be potentially unlawful or violate a stated privacy policy relating to that individual, and provide advice, information, and referral, where available.

(2) Provide information to consumers on effective ways of handling complaints that involve violations of privacy-related laws, including identity theft and identity fraud. If appropriate local, state, or federal agencies are available to assist consumers with those complaints, the office shall refer those complaints to those agencies.

(3) Develop information and educational programs and materials to foster public understanding and recognition of the purposes of this article.

(4) Investigate and assist in the prosecution of identity theft and other privacy-related crimes, and, as necessary, coordinate with local, state, and federal law enforcement agencies in the investigation of similar crimes.

(5) Assist and coordinate in the training of local, state, and federal law enforcement agencies regarding identity theft and other privacy-related crimes, as appropriate.

(6) The authority of the Office of Privacy Protection to adopt regulations under this article shall be limited exclusively to those regulations necessary and appropriate to implement subdivisions (b), (c), (d), and (e).

11549.6. This chapter shall not apply to the State Compensation Insurance Fund, the Legislature, or the Legislative Data Center in the Legislature Counsel Bureau.

SEC. 8. Section 11550 of the Government Code is amended to read:

11550. Effective January 1, 1988, an annual salary of ninety-one thousand fifty-four dollars (\$91,054) shall be paid to each of the following:

- (a) Director of Finance.
- (b) Secretary of Business, Transportation and Housing.
- (c) Secretary of Resources.
- (d) Secretary of Health and Human Services.
- (e) Secretary of State and Consumer Services.
- (f) Commissioner of the California Highway Patrol.
- (g) Secretary of the Youth and Adult Correctional Agency.
- (h) Secretary of Food and Agriculture.
- (i) Secretary of Technology, Trade, and Commerce.
- (j) Secretary of Veterans Affairs.
- (k) Secretary of Labor and Workforce Development.
- (l) State Chief Information Officer.

The annual compensation provided by this section shall be increased in any fiscal year in which a general salary increase is provided for state employees. The amount of the increase provided by this section shall be comparable to, but shall not exceed, the percentage of the general salary increases provided for state employees during that fiscal year.

SEC. 9. Section 12804 of the Government Code is amended to read:

12804. The Agriculture and Services Agency is hereby renamed the State and Consumer Services Agency.

The State and Consumer Services Agency consists of the following: the Department of General Services; the Department of Technology Services; the Department of Consumer Affairs; the Franchise Tax Board; the Public Employees' Retirement System; the State Teachers' Retirement System; the Department of Fair Employment and Housing; the Fair Employment and Housing Commission; the California Science Center; the California Victim Compensation and Government Claims Board; the California African-American Museum; the State Building and Standards Commission; the Alfred E. Alquist Seismic Safety Commission; and the Office of Information Security and Privacy Protection.

CHAPTER 184

An act to repeal Article 2.5 (commencing with Section 69522) and Article 13 (commencing with Section 69760) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, relating to student financial aid.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Article 2.5 (commencing with Section 69522) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code is repealed.

SEC. 2. Article 13 (commencing with Section 69760) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code is repealed.

SEC. 3. Section 1 shall not become operative unless and until both of the following occur:

(a) Pursuant to paragraph (2) or (3) of subdivision (b) of Section 69521.5 of the Education Code, the Director of Finance notifies the Secretary of State and the Chairperson of the Joint Legislative Budget Committee that either of the following has occurred:

(1) A sale of the student loan guarantee program assets to a transferee guaranty agency within the meaning of paragraph (2) of subdivision (b) of Section 69521.5 of the Education Code has been consummated.

(2) A transaction with a transferee guarantee program operator within the meaning of paragraph (3) of subdivision (b) of Section 69521.5 of the Education Code has been consummated.

(b) Thirty days elapse after the receipt of the notice referred to in subdivision (a).

SEC. 4. Section 2 shall not become operative unless and until both of the following occur:

(a) Pursuant to paragraph (2) of subdivision (b) of Section 69521.5 of the Education Code, the Director of Finance notifies the Secretary of State and the Chairperson of the Joint Legislative Budget Committee that a sale of the student loan guarantee program assets to a transferee guaranty agency within the meaning of that paragraph has been consummated.

(b) Thirty days elapse after the receipt of the notice referred to in subdivision (a).

CHAPTER 185

An act to add Section 21083.05 to, and to add and repeal Section 21097 of, the Public Resources Code, relating to the California Environmental Quality Act.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Section 21083.05 is added to the Public Resources Code, to read:

21083.05. (a) On or before July 1, 2009, the Office of Planning and Research shall prepare, develop, and transmit to the Resources Agency guidelines for the mitigation of greenhouse gas emissions or the effects of greenhouse gas emissions as required by this division, including, but not limited to, effects associated with transportation or energy consumption.

(b) On or before January 1, 2010, the Resources Agency shall certify and adopt guidelines prepared and developed by the Office of Planning and Research pursuant to subdivision (a).

(c) The Office of Planning and Research and the Resources Agency shall periodically update the guidelines to incorporate new information or criteria established by the State Air Resources Board pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

SEC. 2. Section 21097 is added to the Public Resources Code, to read:

21097. (a) The failure to analyze adequately the effects of greenhouse gas emissions otherwise required to be reduced pursuant to regulations adopted by the State Air Resources Board under Division 25.5 (commencing with Section 38500) of the Health and Safety Code in an environmental impact report, negative declaration, mitigated negative declaration, or other document required pursuant to this division for either a transportation project funded under the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code), or a project funded under the Disaster Preparedness and Flood Prevention Bond Act of 2006 (Chapter 1.699 (commencing with Section 5096.800) of Division 5), does not create a cause of action for a violation of this division.

(b) Nothing in this section shall be construed as a limitation to comply with any other requirement of this division or any other provision of law.

(c) This section shall apply retroactively to an environmental impact report, negative declaration, mitigated negative declaration, or other document required pursuant to this division that has not become final.

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

CHAPTER 186

An act to amend Section 12439 of, and to repeal Section 15814.45 of, the Government Code, relating to state government, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Section 12439 of the Government Code, as amended by Section 10 of Senate Bill 86 of the 2007–08 Regular Session, is amended to read:

12439. (a) Beginning July 1, 2002, any state position that is vacant for six consecutive monthly pay periods shall be abolished by the Controller on the following July 1. The six consecutive monthly pay periods may occur entirely within one fiscal year or between two consecutive fiscal years.

(b) The Director of Finance may authorize the reestablishment of any positions abolished pursuant to this section if one or more of the following conditions existed during part or all of the six consecutive monthly pay periods:

(1) There was a hiring freeze in effect during part or all of the six consecutive pay periods.

(2) The department has diligently attempted to fill the position, but was unable to complete all the steps necessary to fill the position within six months.

(3) The position has been designated as a management position for purposes of collective bargaining and has been held vacant pending the appointment of the director, or other chief executive officer, of the department as part of the transition from one Governor to the succeeding Governor.

(4) The classification of the position is determined to be hard-to-fill.

(5) Late enactment of the budget causes the department to delay filling the position.

(c) The Controller shall reestablish any position for which the director of the department in which that position existed prior to abolishment

certifies by August 15 that one or more of the following conditions existed during part or all of the six consecutive pay periods:

(1) The position is necessary for directly providing 24-hour care in an institution operated by the state.

(2) The position is necessary for the state to satisfy any licensing requirements adopted by a local, state, or federal licensing or other regulatory agency.

(3) The position is directly involved in services for public health, public safety, or homeland security.

(4) The position is being held vacant because the previous incumbent is eligible to exercise a mandatory right of return from a leave of absence as may be required by any provision of law including, but not limited to, leaves for industrial disability, nonindustrial disability, military service, pregnancy, childbirth, or care of a newborn infant.

(5) The position is being held vacant because the department has granted the previous incumbent a permissive leave of absence as may be authorized by any provision of law including, but not limited to, leaves for adoption of a child, education, civilian military work, or to assume a temporary assignment in another agency.

(6) Elimination of the position will directly reduce state revenues or other income by more than would be saved by elimination of the position.

(7) The position is funded entirely from moneys appropriated pursuant to Section 221 of the Food and Agricultural Code, was established with the Controller pursuant to Section 221.1 of the Food and Agricultural Code, and directly responds to unforeseen agricultural circumstances requiring the relative expertise that the position provides.

(d) Each department shall maintain for future independent audit all records on which the department relied in determining that any position or positions satisfied one or more of the criteria specified in paragraphs (1) to (6), inclusive, of subdivision (c).

(e) The only other exceptions to the abolishment required by subdivision (a) are those positions exempt from civil service or those instructional and instruction-related positions authorized for the California State University. No money appropriated by the subsequent Budget Act shall be used to pay the salary of any otherwise authorized state position that is abolished pursuant to this section.

(f) The Controller, no later than September 10 of each fiscal year, shall furnish the Department of Finance in writing a preliminary report of any authorized state positions that were abolished effective on the preceding July 1 pursuant to this section.

(g) The Controller, no later than October 15 of each fiscal year, shall furnish the Joint Legislative Budget Committee and the Department of

Finance a final report on all positions that were abolished effective on the preceding July 1.

(h) Departments shall not execute any personnel transactions for the purpose of circumventing the provisions of this section.

(i) Each department shall include a section discussing its compliance with this section when it prepares its report pursuant to Section 13405.

(j) As used in this section, department refers to any department, agency, board, commission, or other organizational unit of state government that is empowered to appoint persons to civil service positions.

(k) This section shall become operative July 1, 2002.

SEC. 2. Section 15814.45 of the Government Code, as proposed to be added by Section 12 of SB 86 of the 2007–08 Regular Session, is repealed.

SEC. 3. (a) Section 1 of this act shall become operative only if Senate Bill 86 of the 2007-08 Regular Session is enacted and becomes effective on or before January 1, 2008, and amends Section 12439 of the Government Code.

(b) Section 2 of this act shall become operative only if Senate Bill 86 of the 2007-08 Regular Session is enacted and becomes effective on or before January 1, 2008, and adds Section 15814.45 to the Government Code.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make the necessary statutory changes to implement the Budget Act of 2007 at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 187

An act to amend Section 39625.5 of the Health and Safety Code, relating to transportation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Section 39625.5 of the Health and Safety Code, as added by Senate Bill 88 of the 2007-08 Regular Session, is amended to read:

39625.5. (a) (1) Upon appropriation by the Legislature from the funds made available by paragraph (2) of subdivision (c) of Section 8879.23 of the Government Code, the state board shall allocate funds on a competitive basis for projects that are shown to achieve the greatest emission reductions from each emission source identified in subdivision (c) of Section 39625.1, not otherwise required by law or regulation, from activities related to the movement of freight along California's trade corridors, commencing at the state's airports, seaports, and land ports of entry.

(2) Projects eligible for funding pursuant to paragraph (1) shall include, but are not limited to, the following:

(A) The replacement, repower, or retrofit of heavy-duty diesel trucks.

(B) The replacement, repower, or retrofit of diesel locomotive engines, with priority given to switching locomotive engines, provided that before any project is authorized for a locomotive engine operated and controlled by a railroad company that has entered into a memorandum of understanding or any other agreement with a state or federal agency, a local air quality management district, or a local air pollution control district, including, but not limited to, the ARB/Railroad Statewide Agreement Particulate Emissions Reductions Program at California Rail Yards, dated June 2005, the state board shall determine that the emission reductions that would be achieved by the locomotive engine are not necessary to satisfy any mandated emission reduction requirement under any such agreement.

(C) The replacement, repower, or retrofit of harbor craft that operates at the state's seaports.

(D) The provision of on-shore electrical power for ocean freight carriers calling at the state's seaports to reduce the use of auxiliary and main engine ship power.

(E) Mobile or portable shoreside distributed power generation projects that eliminate the need to use the electricity grid.

(F) The replacement, repower, or retrofit of cargo handling equipment that operates at the state's seaports and rail yards.

(G) Electrification infrastructure to reduce engine idling and use of internal combustion auxiliary power systems at truck stops, intermodal facilities, distribution centers, and other places where trucks congregate.

(b) (1) The state board shall allocate funds in a manner that gives priority to emission reduction projects that achieve the earliest possible

reduction of health risk in communities with the highest health risks from goods movement facilities.

(2) In evaluating which projects to fund, the state board shall at a minimum consider all of the following criteria:

(A) The magnitude of the emission reduction.

(B) The public health benefits of the emission reduction.

(C) The cost-effectiveness and sustainability of the emissions reductions.

(D) The severity and magnitude of the emission source's contributions to emissions.

(E) Regulatory and State Implementation Plan requirements, and the degree of surplus emissions to be reduced.

(F) The reduction in greenhouse gases, consistent with and supportive of emission reduction goals, consistent with existing law.

(G) The extent to which advanced emission reduction technologies are to be used.

(H) The degree to which funds are leveraged from other sources.

(I) The degree to which the project reduces air pollutants or air contaminants in furtherance of achieving state and federal ambient air quality standards and reducing toxic air contaminants.

(J) The total emission reductions a project would achieve over its lifetime per state dollar invested.

(K) Whether an emissions reduction is likely to occur in a location where emissions sources in the area expose individuals and population groups to elevated emissions that result in adverse health effects and contribute to cumulative human exposures to pollution.

(c) The state board shall ensure that state bond funds are supplemented and matched with funds from federal, local, and private sources to the maximum extent feasible.

SEC. 2. Section 1 of this act shall become operative only if Senate Bill 88 of the 2007–08 Regular Session is also enacted and becomes operative.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to implement the transportation programs funded by voter-approved bonds as efficiently and expeditiously as possible, it is necessary that this act take effect immediately.

CHAPTER 188

An act to add Section 13343 to the Government Code, to amend Sections 1250.8, 1266, 1279, 1280.1, 1280.3, 1324.21, 1324.23, 1324.28, 1324.29, 1324.30, 1422, 101317, 101320, 120955, 124910, 124977, and 130542 of, and to add Section 1204.5 to, the Health and Safety Code, to amend and repeal Section 12693.981 of the Insurance Code, to amend Sections 4640.6, 4643, 4648.4, 4681.5, 4691.6, 4781.5, 10020, 10022, 10024, 14011.6, 14043.1, 14043.15, 14043.2, 14043.26, 14043.27, 14043.28, 14043.36, 14043.46, 14043.47, 14043.61, 14043.62, 14043.65, 14043.7, 14087.305, 14087.5, 14088, 14088.14, 14088.25, 14089, 14091.21, 14100.95, 14105.2, 14105.3, 14105.45, 14105.47, 14105.8, 14105.85, 14110, 14124.70, 14124.76, 14124.78, 14124.89, 14124.90, 14124.94, 14125, 14125.2, 14125.8, 14126.027, 14126.033, 14132.100, 14134.5, 14166.4, 14199.2, 14199.3, 14464.5, 14495.10, 14499.5, 16809, and 24005 of, to add Sections 4474.4, 4474.5, 4474.8, 4781.6, 14011.65b, 14105.475, 14124.785, 14124.792, and 14301.1 to, to amend and repeal Section 14262 of, and to repeal and add Section 14043.45 of, the Welfare and Institutions Code, relating to health, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

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

SECTION 1. Section 13343 is added to the Government Code, to read:

13343. (a) The Department of Finance shall revise the Governor's Budget documents display for the State Department of Public Health to include a display of the supplemental local assistance appropriation summary, including actual past year, estimated current year, and proposed budget year expenditures for each branch in the department.

(b) No later than January 20 of each year, the State Department of Public Health shall annually provide expenditure information for actual past year, estimated current year, and proposed budget year for the following:

(1) The Cigarette and Tobacco Products Surtax Fund and the accounts contained therein as established by Proposition 99 as approved by the voters at the November 8, 1988, statewide general election.

(2) Statewide AIDS/HIV programs.

(3) AIDS Drug Assistance Program.

(4) Title V Maternal, Child, and Adolescent Health Grant funds.

- (5) Women, Infants, and Children Supplemental Nutrition Program.
- (6) Federal Health and Human Services Hospital Preparedness Program funds.
- (7) Centers for Disease Control and Prevention Public Health Emergency Preparedness Grant funds.

SEC. 2. Section 1204.5 is added to the Health and Safety Code, to read:

1204.5. Primary care clinics may submit verification of Joint Commission on Accreditation of Healthcare Organization (JCAHO) certification to the Licensing and Certification Division within the State Department of Public Health for entry into the electronic Licensing Management System for purposes of data collection and extraction for licensing and certification fee calculations.

SEC. 3. Section 1250.8 of the Health and Safety Code is amended to read:

1250.8. (a) Notwithstanding subdivision (a) of Section 437.10, the department, upon application of a general acute care hospital which meets all the criteria of subdivision (b), and other applicable requirements of licensure, shall issue a single consolidated license to a general acute care hospital which includes more than one physical plant maintained and operated on separate premises or which has multiple licenses for a single health facility on the same premises. A single consolidated license shall not be issued where the separate freestanding physical plant is a skilled nursing facility or an intermediate care facility, whether or not the location of the skilled nursing facility or intermediate care facility is contiguous to the general acute care hospital unless the hospital is exempt from the requirements of subdivision (b) of Section 1254, or the facility is part of the physical structure licensed to provide acute care.

(b) The issuance of a single consolidated license shall be based on the following criteria:

(1) There is a single governing body for all of the facilities maintained and operated by the licensee.

(2) There is a single administration for all of the facilities maintained and operated by the licensee.

(3) There is a single medical staff for all of the facilities maintained and operated by the licensee, with a single set of bylaws, rules, and regulations, which prescribe a single committee structure.

(4) Except as provided otherwise in this paragraph, the physical plants maintained and operated by the licensee which are to be covered by the single consolidated license are located not more than 15 miles apart. If an applicant provides evidence satisfactory to the department that it can comply with all requirements of licensure and provide quality care and adequate administrative and professional supervision, the director may

issue a single consolidated license to a general acute care hospital that operates two or more physical plants located more than 15 miles apart under any of the following circumstances:

(A) One or more of the physical plants is located in a rural area, as defined by regulations of the director.

(B) One or more of the physical plants provides only outpatient services, as defined by the department.

(C) If Section 14105.986 of the Welfare and Institutions Code is implemented and the applicant meets all of the following criteria:

(i) The applicant is a nonprofit corporation.

(ii) The applicant is a children's hospital listed in Section 10727 of the Welfare and Institutions Code.

(iii) The applicant is affiliated with a major university medical school, and located adjacent thereto.

(iv) The applicant operates a regional tertiary care facility.

(v) One of the physical plants is located in a county that has a consolidated and county government structure.

(vi) One of the physical plants is located in a county having a population between 1 million and 2 million.

(vii) The applicant is located in a city with a population between 50,000 and 100,000.

(c) In issuing the single consolidated license, the state department shall specify the location of each supplemental service and the location of the number and category of beds provided by the licensee. The single consolidated license shall be renewed annually.

(d) To the extent required by Part 1.5 (commencing with Section 437) of Division 1, a general acute care hospital which has been issued a single consolidated license:

(1) Shall not transfer from one facility to another a special service described in Section 1255 without first obtaining a certificate of need.

(2) Shall not transfer, in whole or in part, from one facility to another, a supplemental service, as defined in regulations of the director pursuant to this chapter, without first obtaining a certificate of need, unless the licensee, 30 days prior to the relocation, notifies the Office of Statewide Health Planning and Development, the applicable health systems agency, and the state department of the licensee's intent to relocate the supplemental service, and includes with this notice a cost estimate, certified by a person qualified by experience or training to render the estimates, which estimates that the cost of the transfer will not exceed the capital expenditure threshold established by the Office of Statewide Health Planning and Development pursuant to Section 437.10.

(3) Shall not transfer beds from one facility to another facility, without first obtaining a certificate of need unless, 30 days prior to the relocation,

the licensee notifies the Office of Statewide Health Planning and Development, the applicable health systems agency, and the state department of the licensee's intent to relocate health facility beds, and includes with this notice both of the following:

(A) A cost estimate, certified by a person qualified by experience or training to render the estimates, which estimates that the cost of the relocation will not exceed the capital expenditure threshold established by the Office of Statewide Health Planning and Development pursuant to Section 437.10.

(B) The identification of the number, classification, and location of the health facility beds in the transferor facility and the proposed number, classification, and location of the health facility beds in the transferee facility.

Except as otherwise permitted in Part 1.5 (commencing with Section 437) of Division 1, or as authorized in an approved certificate of need pursuant to that part, health facility beds transferred pursuant to this section shall be used in the transferee facility in the same bed classification as defined in Section 1250.1, as the beds were classified in the transferor facility.

Health facility beds transferred pursuant to this section shall not be transferred back to the transferor facility for two years from the date of the transfer, regardless of cost, without first obtaining a certificate of need pursuant to Part 1.5 (commencing with Section 437) of Division 1.

(e) All transfers pursuant to subdivision (d) shall satisfy all applicable requirements of licensure and shall be subject to the written approval, if required, of the state department. The state department may adopt regulations which are necessary to implement the provisions of this section. These regulations may include a requirement that each facility of a health facility subject to a single consolidated license have an onsite full-time or part-time administrator.

(f) As used in this section, "facility" means any physical plant operated or maintained by a health facility subject to a single, consolidated license issued pursuant to this section.

(g) For purposes of selective provider contracts negotiated under the Medi-Cal program, the treatment of a health facility with a single consolidated license issued pursuant to this section shall be subject to negotiation between the health facility and the California Medical Assistance Commission. A general acute care hospital which is issued a single consolidated license pursuant to this section may, at its option, be enrolled in the Medi-Cal program as a single business address or as separate business addresses for one or more of the facilities subject to the single consolidated license. Irrespective of whether the general acute

care hospital is enrolled at one or more business addresses, the department may require the hospital to file separate cost reports for each facility pursuant to Section 14170 of the Welfare and Institutions Code.

(h) For purposes of the Annual Report of Hospitals required by regulations adopted by the state department pursuant to this part, the state department and the Office of Statewide Health Planning and Development may require reporting of bed and service utilization data separately by each facility of a general acute care hospital issued a single consolidated license pursuant to this section.

(i) The amendments made to this section during the 1985–86 Regular Session of the Legislature pertaining to the issuance of a single consolidated license to a general acute care hospital in the case where the separate physical plant is a skilled nursing facility or intermediate care facility shall not apply to the following facilities:

(1) Any facility which obtained a certificate of need after August 1, 1984, and prior to February 14, 1985, as described in this subdivision. The certificate of need shall be for the construction of a skilled nursing facility or intermediate care facility which is the same facility for which the hospital applies for a single consolidated license, pursuant to subdivision (a).

(2) Any facility for which a single consolidated license has been issued pursuant to subdivision (a), as described in this subdivision, prior to the effective date of the amendments made to this section during the 1985–86 Regular Session of the Legislature.

Any facility which has been issued a single consolidated license pursuant to subdivision (a), as described in this subdivision, shall be granted renewal licenses based upon the same criteria used for the initial consolidated license.

(j) If the state department issues a single consolidated license pursuant to this section, the state department may take any action authorized by this chapter, including, but not limited to, any action specified in Article 5 (commencing with Section 1294), with respect to any facility, or any service provided in any facility, which is included in the consolidated license.

(k) The eligibility for participation in the Medi-Cal program (Chapter 7 (commencing with Section 14000), Part 3, Division 9, Welfare and Institutions Code) of any facility that is included in a consolidated license issued pursuant to this section, provides outpatient services, and is located more than 15 miles from the health facility issued the consolidated license shall be subject to a determination of eligibility by the state department. This subdivision shall not apply to any facility that is located in a rural area and is included in a consolidated license issued pursuant to subparagraphs (A), (B), and (C) of paragraph (4) of subdivision (b).

Regardless of whether a facility has received or not received a determination of eligibility pursuant to this subdivision, this subdivision shall not affect the ability of a licensed professional, providing services covered by the Medi-Cal program to a person eligible for Medi-Cal in a facility subject to a determination of eligibility pursuant to this subdivision, to bill the Medi-Cal program for those services provided in accordance with applicable regulations.

(l) Notwithstanding any other provision of law, the director may issue a single consolidated license for a general acute care hospital to Children's Hospital Oakland and San Ramon Regional Medical Center.

(m) Notwithstanding any other provision of law, the director may issue a single consolidated license for a general acute care hospital to Children's Hospital Oakland and the John Muir Medical Center, Concord campus.

(n) (1) To the extent permitted by federal law, payments made to Children's Hospital Oakland pursuant to Section 14166.11 of the Welfare and Institutions Code shall be adjusted as follows:

(A) The number of Medi-Cal payment days and net revenues calculated for the John Muir Medical Center Concord campus under the consolidated license shall not be used for eligibility purposes for the private hospital disproportionate share hospital replacement funds for Children's Hospital Oakland.

(B) The number of Medi-Cal payment days calculated for hospital beds located at John Muir Medical Center Concord campus that are included in the consolidated license beginning in the 2007–08 fiscal year shall only be used for purposes of calculating disproportionate share hospital payments authorized under Section 14166.11 of the Welfare and Institutions Code at Children's Hospital Oakland to the extent that the inclusion of those days does not exceed the total Medi-Cal payment days used to calculate Children's Hospital Oakland payments for the 2006–07 fiscal year disproportionate share replacement.

(2) This subdivision shall become inoperative in the event that the two facilities covered under the consolidated license described in subdivision (a) are located within a 15-mile radius of each other.

SEC. 4. Section 1266 of the Health and Safety Code is amended to read:

1266. (a) The Licensing and Certification Division shall be supported entirely by federal funds and special funds by no earlier than the beginning of the 2009–10 fiscal year unless otherwise specified in statute, or unless funds are specifically appropriated from the General Fund in the annual Budget Act or other enacted legislation. For the 2007–08 fiscal year, General Fund support shall be provided to offset licensing

and certification fees in an amount of not less than two million seven hundred eighty-two thousand dollars (\$2,782,000).

(b) The Licensing and Certification Program fees for the 2006–07 fiscal year shall be as follows:

Type of Facility	Fee	
General Acute Care Hospitals	\$ 134.10	per bed
Acute Psychiatric Hospitals	\$ 134.10	per bed
Special Hospitals	\$ 134.10	per bed
Chemical Dependency Recovery Hospitals	\$ 123.52	per bed
Skilled Nursing Facilities	\$ 202.96	per bed
Intermediate Care Facilities	\$ 202.96	per bed
Intermediate Care Facilities - Developmentally Disabled	\$ 592.29	per bed
Intermediate Care Facilities - Developmentally Disabled - Habilitative	\$1,000.00	per facility
Intermediate Care Facilities - Developmentally Disabled - Nursing	\$1,000.00	per facility
Home Health Agencies	\$2,700.00	per facility
Referral Agencies	\$5,537.71	per facility
Adult Day Health Centers	\$4,650.02	per facility
Congregate Living Health Facilities	\$ 202.96	per bed
Psychology Clinics	\$ 600.00	per facility
Primary Clinics - Community and Free Specialty Clinics - Rehab Clinics	\$ 600.00	per facility
(For profit)	\$2,974.43	per facility
(Nonprofit)	\$ 500.00	per facility
Specialty Clinics - Surgical and Chronic	\$1,500.00	per facility
Dialysis Clinics	\$1,500.00	per facility
Pediatric Day Health/Respite Care	\$ 142.43	per bed
Alternative Birthing Centers	\$2,437.86	per facility
Hospice	\$1,000.00	per facility
Correctional Treatment Centers	\$ 590.39	per bed

(c) Commencing February 1, 2007, and every February 1 thereafter, the department shall publish a list of estimated fees pursuant to this section. The calculation of estimated fees and the publication of the report and list of estimated fees shall not be subject to the rulemaking requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(d) By February 1 of each year, the department shall prepare the following reports and shall make those reports, and the list of estimated fees required to be published pursuant to subdivision (c), available to

the public by submitting them to the Legislature and posting them on the department's Web site:

(1) The department shall prepare a report of all costs for activities of the Licensing and Certification Program. As part of this report, the department shall recommend Licensing and Certification Program fees in accordance with the following:

(A) Projected workload and costs shall be grouped for each fee category.

(B) Cost estimates, and the estimated fees, shall be based on the appropriation amounts in the Governor's proposed budget for the next fiscal year, with and without policy adjustments to the fee methodology.

(C) The allocation of program, operational, and administrative overhead, and indirect costs to fee categories shall be based on generally accepted cost allocation methods. Significant items of costs shall be directly charged to fee categories if the expenses can be reasonably identified to the fee category that caused them. Indirect and overhead costs shall be allocated to all fee categories using a generally accepted cost allocation method.

(D) The amount of federal funds and General Fund moneys to be received in the budget year shall be estimated and allocated to each fee category based upon an appropriate metric.

(E) The fee for each category shall be determined by dividing the aggregate state share of all costs for the Licensing and Certification Program by the appropriate metric for the category of licensure. Amounts actually received for new licensure applications, including change of ownership applications, and late payment penalties, pursuant to Section 1266.5, during each fiscal year shall be calculated and 95 percent shall be applied to the appropriate fee categories in determining Licensing and Certification Program fees for the second fiscal year following receipt of those funds. The remaining 5 percent shall be retained in the fund as a reserve until appropriated.

(2) (A) The department shall prepare a staffing and systems analysis to ensure efficient and effective utilization of fees collected, proper allocation of departmental resources to licensing and certification activities, survey schedules, complaint investigations, enforcement and appeal activities, data collection and dissemination, surveyor training, and policy development.

(B) The analysis under this paragraph shall be made available to interested persons and shall include all of the following:

(i) The number of surveyors and administrative support personnel devoted to the licensing and certification of health care facilities.

(ii) The percentage of time devoted to licensing and certification activities for the various types of health facilities.

(iii) The number of facilities receiving full surveys and the frequency and number of follow up visits.

(iv) The number and timeliness of complaint investigations.

(v) Data on deficiencies and citations issued, and numbers of citation review conferences and arbitration hearings.

(vi) Other applicable activities of the licensing and certification division.

(e) (1) The department shall adjust the list of estimated fees published pursuant to subdivision (c) if the annual Budget Act or other enacted legislation includes an appropriation that differs from those proposed in the Governor's proposed budget for that fiscal year.

(2) The department shall publish a final fee list, with an explanation of any adjustment, by the issuance of an all facilities letter, by posting the list on the department's Internet Web site, and by including the final fee list as part of the licensing application package, within 14 days of the enactment of the annual Budget Act. The adjustment of fees and the publication of the final fee list shall not be subject to the rulemaking requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(f) (1) No fees shall be assessed or collected pursuant to this section from any state department, authority, bureau, commission, or officer, unless federal financial participation would become available by doing so and an appropriation is included in the annual Budget Act for that state department, authority, bureau, commission, or officer for this purpose. No fees shall be assessed or collected pursuant to this section from any clinic that is certified only by the federal government and is exempt from licensure under Section 1206, unless federal financial participation would become available by doing so.

(2) For the 2006–07 state fiscal year, no fee shall be assessed or collected pursuant to this section from any general acute care hospital owned by a health care district with 100 beds or less.

(g) The Licensing and Certification Program may change annual license expiration renewal dates to provide for efficiencies in operational processes or to provide for sufficient cash flow to pay for expenditures. If an annual license expiration date is changed, the renewal fee shall be prorated accordingly. Facilities shall be provided with a 60-day notice of any change in their annual license renewal date.

SEC. 5. Section 1279 of the Health and Safety Code is amended to read:

1279. (a) Every health facility for which a license or special permit has been issued shall be periodically inspected by the department, or by another governmental entity under contract with the department. The frequency of inspections shall vary, depending upon the type and

complexity of the health facility or special service to be inspected, unless otherwise specified by state or federal law or regulation. The inspection shall include participation by the California Medical Association consistent with the manner in which it participated in inspections, as provided in Section 1282 prior to September 15, 1992.

(b) Except as provided in subdivision (c), inspections shall be conducted no less than once every two years and as often as necessary to ensure the quality of care being provided.

(c) For a health facility specified in subdivision (a), (b), or (f) of Section 1250, inspections shall be conducted no less than once every three years, and as often as necessary to ensure the quality of care being provided.

(d) During the inspection, the representative or representatives shall offer such advice and assistance to the health facility as they deem appropriate.

(e) For acute care hospitals of 100 beds or more, the inspection team shall include at least a physician, registered nurse, and persons experienced in hospital administration and sanitary inspections. During the inspection, the team shall offer advice and assistance to the hospital as it deems appropriate.

(f) The department shall ensure that a periodic inspection conducted pursuant to this section is not announced in advance of the date of inspection. An inspection may be conducted jointly with inspections by entities specified in Section 1282. However, if the department conducts an inspection jointly with an entity specified in Section 1282 that provides notice in advance of the periodic inspection, the department shall conduct an additional periodic inspection that is not announced or noticed to the health facility.

(g) Notwithstanding any other provision of law, the department shall inspect for compliance with provisions of state law and regulations during a state periodic inspection or at the same time as a federal periodic inspection, including, but not limited to, an inspection required under this section. If the department inspects for compliance with state law and regulations at the same time as a federal periodic inspection, the inspection shall be done consistent with the guidance of the federal Centers for Medicare and Medicaid Services for the federal portion of the inspection.

SEC. 6. Section 1280.1 of the Health and Safety Code is amended to read:

1280.1. (a) Prior to the effective date of regulations adopted to implement Section 1280.3, if a licensee of a health facility licensed under subdivision (a), (b), or (f) of Section 1250 receives a notice of deficiency constituting an immediate jeopardy to the health or safety of a patient

and is required to submit a plan of correction, the department may assess the licensee an administrative penalty in an amount not to exceed twenty-five thousand dollars (\$25,000) per violation.

(b) If the licensee disputes a determination by the department regarding the alleged deficiency or the alleged failure to correct a deficiency, or regarding the reasonableness of the proposed deadline for correction or the amount of the penalty, the licensee may, within 10 days, request a hearing pursuant to Section 100171. Penalties shall be paid when appeals have been exhausted and the department's position has been upheld.

(c) For purposes of this section "immediate jeopardy" means a situation in which the licensee's noncompliance with one or more requirements of licensure has caused, or is likely to cause, serious injury or death to the patient.

(d) This section shall apply only to incidents occurring on or after January 1, 2007.

(e) No new regulations are required or authorized for implementation of this section.

(f) This section shall become inoperative on the effective date of regulations promulgated by the department pursuant to Section 1280.3.

SEC. 7. Section 1280.3 of the Health and Safety Code is amended to read:

1280.3. (a) Commencing on the effective date of the regulations adopted pursuant to this section, the director may assess an administrative penalty in an amount of up to fifty thousand dollars (\$50,000) per immediate jeopardy violation against a licensee of a health facility licensed under subdivision (a), (b), or (f) of Section 1250.

(b) Except as provided in subdivision (c), for a violation of this chapter or the rules and regulations promulgated thereunder that does not constitute a violation of subdivision (a), the department may assess an administrative penalty in an amount of up to seventeen thousand five hundred dollars (\$17,500) per violation. This subdivision shall also apply to violation of regulations set forth in Article 3 (commencing with Section 127400) of Chapter 2 of Part 2 of Division 107 or the rules and regulations promulgated thereunder.

The department shall promulgate regulations establishing the criteria to assess an administrative penalty against a health facility licensed pursuant to subdivisions (a), (b), or (f) of Section 1250. The criteria shall include, but need not be limited to, the following:

- (1) The patient's physical and mental condition.
- (2) The probability and severity of the risk that the violation presents to the patient.
- (3) The actual financial harm to patients, if any.

- (4) The nature, scope, and severity of the violation.
 - (5) The facility's history of compliance with related state and federal statutes and regulations.
 - (6) Factors beyond the facility's control that restrict the facility's ability to comply with this chapter or the rules and regulations promulgated thereunder.
 - (7) The demonstrated willfulness of the violation.
 - (8) The extent to which the facility detected the violation and took steps to immediately correct the violation and prevent the violation from recurring.
- (c) The department shall not assess an administrative penalty for minor violations.
- (d) The regulations shall not change the definition of immediate jeopardy as established in this section.
- (e) The regulations shall apply only to incidents occurring on or after the effective date of the regulations.
- (f) If the licensee disputes a determination by the department regarding the alleged deficiency or alleged failure to correct a deficiency, or regarding the reasonableness of the proposed deadline for correction or the amount of the penalty, the licensee may, within 10 working days, request a hearing pursuant to Section 100171. Penalties shall be paid when all appeals have been exhausted and the department's position has been upheld.
- (g) Moneys collected by the department as a result of administrative penalties imposed under this section and Section 1280.1 shall be deposited into the Licensing and Certification Program Fund established pursuant to Section 1266.9. These moneys shall be tracked and available for expenditure, upon appropriation by the Legislature, to support internal departmental quality improvement activities.
- (h) For purposes of this section, "immediate jeopardy" means a situation in which the licensee's noncompliance with one or more requirements of licensure has caused, or is likely to cause, serious injury or death to the patient.
- SEC. 8. Section 1324.21 of the Health and Safety Code is amended to read:
- 1324.21. (a) For facilities licensed under subdivision (c) of Section 1250, there shall be imposed each state fiscal year a uniform quality assurance fee per resident day. The uniform quality assurance fee shall be based upon the entire net revenue of all skilled nursing facilities subject to the fee, except an exempt facility, as defined in Section 1324.20, calculated in accordance with subdivision (b).
- (b) The amount of the uniform quality assurance fee to be assessed per resident day shall be determined based on the aggregate net revenue

of skilled nursing facilities subject to the fee, in accordance with the methodology outlined in the request for federal approval required by Section 1324.27 and in regulations, provider bulletins, or other similar instructions. The uniform quality assurance fee shall be calculated as follows:

(1) (A) For the rate year 2004–05, the net revenue shall be projected for all skilled nursing facilities subject to the fee. The projection of net revenue shall be based on prior rate year data. Once determined, the aggregate projected net revenue for all facilities shall be multiplied by 2.7 percent, as determined under the approved methodology, and then divided by the projected total resident days of all providers subject to the fee.

(B) Notwithstanding subparagraph (A), the Director of Health Services may increase the amount of the fee up to 3 percent of the aggregate projected net revenue if necessary for the implementation of Article 3.8 (commencing with Section 14126) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code.

(2) For the rate year 2005–06 and subsequent rate years through and including the 2008–09 rate year, the net revenue shall be projected for all skilled nursing facilities subject to the uniform quality assurance fee. The projection of net revenue shall be based on the prior rate year's data. Once determined, the aggregate projected net revenue for all facilities shall be multiplied by 6 percent, as determined under the approved methodology, and then divided by the projected total resident days of all providers subject to the fee. The amounts so determined shall be subject to the provisions of subdivision (d).

(c) The director may assess and collect a nonuniform fee consistent with the methodology approved pursuant to Section 1324.27.

(d) In no case shall the fees collected annually pursuant to this article, taken together with applicable licensing fees, exceed the amounts allowable under federal law.

(e) If there is a delay in the implementation of this article for any reason, including a delay in the approval of the quality assurance fee and methodology by the federal Centers for Medicare and Medicaid Services, in the 2004–05 rate year or in any other rate year, all of the following shall apply:

(1) Any facility subject to the fee may be assessed the amount the facility will be required to pay to the department, but shall not be required to pay the fee until the methodology is approved and Medi-Cal rates are increased in accordance with paragraph (2) of subdivision (a) of Section 1324.28 and the increased rates are paid to facilities.

(2) The department may retroactively increase and make payment of rates to facilities.

(3) Facilities that have been assessed a fee by the department shall pay the fee assessed within 60 days of the date rates are increased in accordance with paragraph (2) of subdivision (a) of Section 1324.28 and paid to facilities.

(4) The department shall accept a facility's payment notwithstanding that the payment is submitted in a subsequent fiscal year than the fiscal year in which the fee is assessed.

SEC. 9. Section 1324.23 of the Health and Safety Code is amended to read:

1324.23. (a) The Director of Health Services, or his or her designee, shall administer this article.

(b) The director may adopt regulations as are necessary to implement this article. These regulations may be adopted as emergency regulations 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). For purposes of this article, the adoption of regulations shall be deemed an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. The regulations shall include, but need not be limited to, any regulations necessary for any of the following purposes:

(1) The administration of this article, including the proper imposition and collection of the quality assurance fee not to exceed amounts reasonably necessary for purposes of this article.

(2) The development of any forms necessary to obtain required information from facilities subject to the quality assurance fee.

(3) To provide details, definitions, formulas, and other requirements.

(c) As an alternative to subdivision (b), and 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 director may implement this article, in whole or in part, by means of a provider bulletin, or other similar instructions, without taking regulatory action, provided that no such bulletin or other similar instructions shall remain in effect after July 31, 2008. It is the intent of the Legislature that the regulations adopted pursuant to subdivision (b) shall be adopted on or before July 31, 2008.

SEC. 10. Section 1324.28 of the Health and Safety Code is amended to read:

1324.28. (a) This article shall be implemented as long as both of the following conditions are met:

(1) The state receives federal approval of the quality assurance fee from the federal Centers for Medicare and Medicaid Services.

(2) Legislation is enacted in the 2004 legislative session making an appropriation from the General Fund and from the Federal Trust Fund

to fund a rate increase for skilled nursing facilities, as defined under subdivision (c) of Section 1250, for the 2004–05 rate year in an amount consistent with the Medi-Cal rates that specific facilities would have received under the rate methodology in effect as of July 31, 2004, plus the proportional costs as projected by Medi-Cal for new state or federal mandates.

(b) This article shall remain operative only as long as all of the following conditions are met:

(1) The federal Centers for Medicare and Medicaid Services continues to allow the use of the provider assessment provided in this article.

(2) The Medi-Cal Long Term Care Reimbursement Act, Article 3.8 (commencing with Section 14126) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, as added during the 2003–04 Regular Session by the act adding this section, is enacted and implemented on or before July 31, 2005, or as extended as provided in that article, and remains in effect thereafter.

(3) The state has continued its maintenance of effort for the level of state funding of nursing facility reimbursement for rate year 2005–06, and for every subsequent rate year continuing through the 2008–09 rate year, in an amount not less than the amount that specific facilities would have received under the rate methodology in effect on July 31, 2004, plus Medi-Cal’s projected proportional costs for new state or federal mandates, not including the quality assurance fee.

(4) The full amount of the quality assurance fee assessed and collected pursuant to this article remains available for the purposes specified in Section 1324.25 and for related purposes.

(c) If all of the conditions in subdivision (a) are met, this article is implemented, and subsequently, any one of the conditions in subdivision (b) is not met, on and after the date that the department makes that determination, this article shall not be implemented, notwithstanding that the condition or conditions subsequently may be met.

(d) Notwithstanding subdivisions (a), (b), and (c), in the event of a final judicial determination made by any state or federal court that is not appealed, or by a court of appellate jurisdiction that is not further appealed, in any action by any party, or a final determination by the administrator of the federal Centers for Medicare and Medicaid Services, that federal financial participation is not available with respect to any payment made under the methodology implemented pursuant to this article because the methodology is invalid, unlawful, or contrary to any provision of federal law or regulations, or of state law, this section shall become inoperative.

SEC. 11. Section 1324.29 of the Health and Safety Code is amended to read:

1324.29. The quality assurance fee shall cease to be assessed and collected on or after July 31, 2009.

SEC. 12. Section 1324.30 of the Health and Safety Code is amended to read:

1324.30. This article shall become inoperative on July 31, 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. 13. Section 1422 of the Health and Safety Code, as amended by Section 6 of Chapter 895 of the Statutes of 2006, is amended to read:

1422. (a) The Legislature finds and declares that it is the public policy of this state to ensure that long-term health care facilities provide the highest level of care possible. The Legislature further finds that inspections are the most effective means of furthering this policy. It is not the intent of the Legislature by the amendment of subdivision (b) enacted by Chapter 1595 of the Statutes of 1982 to reduce in any way the resources available to the state department for inspections, but rather to provide the state department with the greatest flexibility to concentrate its resources where they can be most effective. It is the intent of the Legislature to create a survey process that includes state-based survey components and that determines compliance with federal and California requirements for certified long-term health care facilities. It is the further intent of the Legislature to execute this inspection in the form of a single survey process, to the extent that this is possible and permitted under federal law. The inability of the state to conduct a single survey in no way exempts the state from the requirement under this section that state-based components be inspected in long-term health care facilities as required by law.

(b) (1) (A) Notwithstanding Section 1279 or any other provision of law, without providing notice of these inspections, the department, in addition to any inspections conducted pursuant to complaints filed pursuant to Section 1419, shall conduct inspections annually, except with regard to those facilities which have no class "AA," class "A," or class "B" violations in the past 12 months. The state department shall also conduct inspections as may be necessary to ensure the health, safety, and security of patients in long-term health care facilities. Every facility shall be inspected at least once every two years. The department shall vary the cycle in which inspections of long-term health care facilities are conducted to reduce the predictability of the inspections.

(B) Inspections and investigations of long-term health care facilities that are certified by the Medicare Program or the Medicaid Program shall determine compliance with federal standards and California statutes and regulations to the extent that California statutes and regulations

provide greater protection to residents, or are more precise than federal standards, as determined by the department. Notwithstanding any other provision of law, the department may, without taking regulatory action pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, implement, interpret, or make specific this paragraph by means of an All Facilities Letter (AFL) or similar instruction. Prior to issuing an AFL or similar instruction, the department shall consult with interested parties and shall inform the appropriate committees of the Legislature. The department shall also post the AFL or similar instruction on its Web site so that any person may observe which California laws and regulations provide greater protection to its residents or are more precise than federal standards. Nothing in this subdivision is intended to change existing statutory or regulatory requirements governing the care provided to long-term health care facility residents.

(C) In order to ensure maximum effectiveness of inspections conducted pursuant to this article, the department shall identify all state law standards for the staffing and operation of long-term health care facilities. Costs of the additional survey and inspection activities required by Chapter 895 of the Statutes of 2006 shall be included as Licensing and Certification Program activities for the purposes of calculating fees in accordance with Section 1266.

(2) The state department shall submit to the federal Department of Health and Human Services on or before July 1, 1985, for review and approval, a request to implement a three-year pilot program designed to lessen the predictability of the long-term health care facility inspection process. Two components of the pilot program shall be (A) the elimination of the present practice of entering into a one-year certification agreement, and (B) the conduct of segmented inspections of a sample of facilities with poor inspection records, as defined by the state department. At the conclusion of the pilot project, an analysis of both components shall be conducted by the state department to determine effectiveness in reducing inspection predictability and the respective cost benefits. Implementation of this pilot project is contingent upon federal approval.

(c) Except as otherwise provided in subdivision (b), the state department shall conduct unannounced direct patient care inspections at least annually to inspect physician and surgeon services, nursing services, pharmacy services, dietary services, and activity programs of all the long-term health care facilities. Facilities evidencing repeated serious problems in complying with this chapter or a history of poor performance, or both, shall be subject to periodic unannounced direct patient care inspections during the inspection year. The direct patient

care inspections shall assist the state department in the prioritization of its efforts to correct facility deficiencies.

(d) All long-term health care facilities shall report to the state department any changes in the nursing home administrator or the director of nursing services within 10 calendar days of the changes.

(e) Within 90 days after the receipt of notice of a change in the nursing home administrator or the director of nursing services, the state department may conduct an abbreviated inspection of the long-term health care facilities.

(f) If a change in a nursing home administrator occurs and the Board of Nursing Home Administrators notifies the state department that the new administrator is on probation or has had his or her license suspended within the previous three years, the state department shall conduct an abbreviated survey of the long-term health care facility employing that administrator within 90 days of notification.

SEC. 14. 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 emergency preparedness and bioterrorism preparedness. All cost-compliance reports and audit exceptions or related analyses or reports issued by the State Department of Public Health regarding the expenditure of funding for emergency and bioterrorism preparedness by local health jurisdictions shall be made available to the Legislature upon request.

(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. 15. Section 101320 of the Health and Safety Code is amended to read:

101320. This article shall become inoperative on September 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute that is enacted before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 16. 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 immunodeficiency 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, in consultation with the AIDS Drug Assistance Program Medical Advisory Committee, shall develop, maintain, and update as necessary a list of drugs to be provided under this program. The list shall be exempt from the requirements of the Administrative Procedures Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and shall not be subject to the review and approval of the Office of Administrative Law. In addition, the director shall notify the fiscal and policy committees of the Legislature of any additions, deletions, or restrictions to the list within 15 business days of the action. At a minimum, this notification shall describe the specific change to the formulary, the reason for the action taken, the estimated number of people it may affect, and any estimate of costs or savings where applicable.

(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. 17. Section 124910 of the Health and Safety Code is amended to read:

124910. (a) (1) Each licensed primary care clinic, as specified in subdivision (a) of Section 124900, applying for funds under this article, shall demonstrate in its application that it meets all of the following conditions, at a minimum:

- (A) Provides medical diagnosis and treatment.
- (B) Provides medical support services of patients in all stages of illness.
- (C) Provides communication of information about diagnosis, treatment, prevention, and prognosis.
- (D) Provides maintenance of patients with chronic illness.

(E) Provides prevention of disability and disease through detection, education, persuasion, and preventive treatment.

(F) Meets one or both of the following conditions:

(i) Is located in an area or a facility federally designated as a health professional shortage area, medically underserved area, or medically underserved population.

(ii) Is a clinic in which at least 50 percent of the patients served are persons with incomes at or below 200 percent of the federal poverty level.

(2) Any applicant who has applied for and received a federal or state designation for serving a health professional shortage area, medically underserved area, or population shall be deemed to meet the requirements of subdivision (a) of Section 124900.

(b) Each applicant shall also demonstrate to the satisfaction of the department that the proposed services supplement, and do not supplant, those primary care services to program beneficiaries that are funded by any county, state, or federal program.

(c) Each applicant shall demonstrate that it is an active Medi-Cal provider by being enrolled in Medi-Cal and diligently billing the Medi-Cal program for services rendered to Medi-Cal eligible patients during the past three months prior to the application due date. This subdivision shall not apply to clinics that are not currently Medi-Cal providers, and were funded participants pursuant to this article during the 1993–94 fiscal year.

(d) Each application shall be evaluated by the state department prior to funding to determine all of the following:

(1) The applicant shall provide its most recently audited financial statement to verify budget information.

(2) The applicant's ability to deliver basic primary care to program beneficiaries.

(3) A description of the applicant's operational quality assurance program.

(4) The applicant's use of protocols for the most common diseases in the population served under this article.

SEC. 18. Section 124977 of the Health and Safety Code is amended to read:

124977. (a) It is the intent of the Legislature that, unless otherwise specified, the genetic disease testing program carried out pursuant to this chapter be fully supported from fees collected for services provided by the program.

(b) (1) The department shall charge a fee to all payers for any tests or activities performed pursuant to this chapter. The amount of the fee shall be established by regulation and periodically adjusted by the director

in order to meet the costs of this chapter. Notwithstanding any other provision of law, any fees charged for prenatal screening and followup services provided to persons enrolled in the Medi-Cal program, health care service plan enrollees, or persons covered by health insurance policies, shall be paid in full and deposited in the Genetic Disease Testing Fund or the Birth Defects Monitoring Fund consistent with this section, subject to all terms and conditions of each enrollee's or insured's health care service plan or insurance coverage, whichever is applicable, including, but not limited to, copayments and deductibles applicable to these services, and only if these copayments, deductibles, or limitations are disclosed to the subscriber or enrollee pursuant to the disclosure provisions of Section 1363.

(2) The department shall expeditiously undertake all steps necessary to implement the fee collection process, including personnel, contracts, and data processing, so as to initiate the fee collection process at the earliest opportunity.

(3) Effective for services provided on and after July 1, 2002, the department shall charge a fee to the hospital of birth, or, for births not occurring in a hospital, to families of the newborn, for newborn screening and followup services. The hospital of birth and families of newborns born outside the hospital shall make payment in full to the Genetic Disease Testing Fund. The department shall not charge or bill Medi-Cal beneficiaries for services provided under this chapter.

(4) The department shall charge a fee for prenatal screening to support the pregnancy blood sample storage, testing, and research activities of the Birth Defects Monitoring Program.

(5) The initial prenatal screening fee increase for activities of the Birth Defects Monitoring Program shall be ten dollars (\$10).

(6) The only funds from the Genetic Disease Testing Fund that may be used for the purpose of supporting the pregnancy blood sample storage, testing, and research activities of the Birth Defects Monitoring Program are those prenatal screening fees assessed and collected prior to the creation of the Birth Defects Monitoring Program Fund specifically to support those Birth Defects Monitoring Program activities.

(7) The Birth Defects Monitoring Program Fund is hereby created as a special fund in the State Treasury. Fee revenues collected pursuant to paragraph (4) shall be deposited into the fund and shall be available upon appropriation by the Legislature to support the pregnancy blood sample storage, testing, and research activities of the Birth Defects Monitoring Program. Notwithstanding Section 16305.7 of the Government Code, interest earned on funds in the Birth Defects Monitoring Program Fund shall be deposited as revenue into the fund to support the Birth Defects Monitoring Program.

(c) (1) The Legislature finds that timely implementation of changes in genetic screening programs and continuous maintenance of quality statewide services requires expeditious regulatory and administrative procedures to obtain the most cost-effective electronic data processing, hardware, software services, testing equipment, and testing and followup services.

(2) The expenditure of funds from the Genetic Disease Testing Fund for these purposes shall not be subject to Section 12102 of, and Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of, the Public Contract Code, or to Division 25.2 (commencing with Section 38070). The department shall provide the Department of Finance with documentation that equipment and services have been obtained at the lowest cost consistent with technical requirements for a comprehensive high-quality program.

(3) The expenditure of funds from the Genetic Disease Testing Fund for implementation of the Tandem Mass Spectrometry screening for fatty acid oxidation, amino acid, and organic acid disorders, and screening for congenital adrenal hyperplasia may be implemented through the amendment of the Genetic Disease Branch Screening Information System contracts and shall not be subject to Chapter 3 (commencing with Section 12100) of Part 2 of Division 2 of the Public Contract Code, Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, and any policies, procedures, regulations or manuals authorized by those laws.

(4) The expenditure of funds from the Genetic Disease Testing Fund for the expansion of the Genetic Disease Branch Screening Information System to include cystic fibrosis and biotinidase may be implemented through the amendment of the Genetic Disease Branch Screening Information System contracts, and shall not be subject to Chapter 2 (commencing with Section 10290) or Chapter 3 (commencing with Section 12100) of Part 2 of Division 2 of the Public Contract Code, Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, or Sections 4800 to 5180, inclusive, of the State Administrative Manual as they relate to approval of information technology projects or approval of increases in the duration or costs of information technology projects. This paragraph shall apply to the design, development, and implementation of the expansion, and to the maintenance and operation of the Genetic Disease Branch Screening Information System, including change requests, once the expansion is implemented.

(d) (1) The department may adopt emergency regulations to implement and make specific this chapter in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2

of the Government Code. For the purposes of the Administrative Procedure Act, the adoption of regulations shall be deemed an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, these emergency regulations shall not be subject to the review and approval of the Office of Administrative Law. Notwithstanding Section 11346.1 and Section 11349.6 of the Government Code, the department shall submit these regulations directly to the Secretary of State for filing. The regulations shall become effective immediately upon filing by the Secretary of State. Regulations shall be subject to public hearing within 120 days of filing with the Secretary of State and shall comply with Sections 11346.8 and 11346.9 of the Government Code or shall be repealed.

(2) The Office of Administrative Law shall provide for the printing and publication of these regulations in the California Code of Regulations. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the regulations adopted pursuant to this chapter shall not be repealed by the Office of Administrative Law and shall remain in effect until revised or repealed by the department.

(3) The Legislature finds and declares that the health and safety of California newborns is in part dependent on an effective and adequately staffed genetic disease program, the cost of which shall be supported by the fees generated by the program.

SEC. 19. Section 130542 of the Health and Safety Code is amended to read:

130542. (a) The department shall deposit all payments the department receives pursuant to this division into the California Discount Prescription Drug Program Fund, which is hereby established in the State Treasury.

(b) Notwithstanding Section 13340 of the Government Code, the fund is hereby continuously appropriated to the department without regard to fiscal year for the purpose of providing payment to participating pharmacies pursuant to this division and for defraying the costs of administering this division.

(c) Notwithstanding any other provision of law, no money in the fund is available for expenditure for any other purpose or for loaning or transferring to any other fund, including the General Fund. The fund shall also contain any interest accrued on moneys in the fund.

SEC. 20. Section 12693.981 of the Insurance Code is amended to read:

12693.981. (a) (1) The Healthy Families-to-Medi-Cal Bridge Benefits Program is hereby established to provide any person enrolled

for coverage under this part who meets the criteria set forth in subdivision (b) with a two calendar-month period of health care benefits in order to provide the person with an opportunity to apply for Medi-Cal.

(2) The Healthy Families-to-Medi-Cal Bridge Benefits Program shall be administered by the board.

(b) (1) Any person who meets all of the following requirements shall be eligible for two additional calendar months of Healthy Families benefits:

(A) He or she has been receiving, but is no longer eligible for, benefits under the program.

(B) He or she appears to be income eligible for full-scope Medi-Cal benefits without a share of cost.

(2) The two additional calendar months of benefits under this chapter shall begin on the first day of the month following the last day of the person's eligibility for benefits under the program.

(c) The two-calendar-month period of Healthy Families benefits provided under this chapter shall be identical to the scope of benefits that the person was receiving under the program.

(d) Nothing in this section shall be construed to provide Healthy Families benefits for more than a two calendar-month period under any circumstances, including the failure to apply for benefits under the Medi-Cal program or the failure to be made aware of the availability of the Medi-Cal program unless the circumstances described in subdivision (b) reoccur.

(e) This section shall become inoperative if an unappealable court decision or judgment determines that any of the following apply:

(1) The provisions of this section are unconstitutional under the United States Constitution or the California Constitution.

(2) The provisions of this section do not comply with the State Children's Health Insurance Program, as set forth in Title XXI of the federal Social Security Act.

(3) The provisions of this section require that the health care benefits provided pursuant to this section are required to be furnished for more than two calendar months.

(f) The board shall cease to provide the benefits described in this section to any additional individuals on the date that the State Department of Health Care Services implements the presumptive eligibility program established pursuant to Section 14011.65b of the Welfare and Institutions Code and the Director of Health Care Services executes a declaration pursuant to subdivision (d) of that section stating that the program of presumptive eligibility has commenced. The board shall consult and coordinate with the State Department of Health Care Services in

implementing presumptive eligibility under Section 14011.65b of the Welfare and Institutions Code for these individuals.

(g) This section shall be repealed six months after the board ceases to provide benefits to additional individuals pursuant to this section.

SEC. 21. Section 4474.4 is added to the Welfare and Institutions Code, to read:

4474.4. Notwithstanding any other provision of law to the contrary, the Secretary of California Health and Human Services shall verify that the State Department of Developmental Services and the State Department of Health Care Services have established protocols in place between the departments, as well as with the regional centers and health care plans participating in the Medi-Cal Program who will be providing services, including health, dental, and vision care, to people with developmental disabilities transitioning from Agnews Developmental Center.

The Secretary of California Health and Human Services shall provide written verification of the establishment of these protocols to the Joint Legislative Budget Committee, as well as to the fiscal and policy committees of the Legislature that oversee health and human services programs.

The purpose of the protocols is to ensure that a mutual goal of providing appropriate, high-quality care and services to children and adults who have developmental disabilities in order to optimize the health and welfare of each individual. Further, the purpose of the protocols is to ensure that all involved parties, including consumers and families, the state, regional centers, and providers, are clear as to their roles and responsibilities, and are appropriately accountable for optimizing the health and welfare of each individual.

The protocols, at a minimum, shall address enrollment for services, all referral practices, including those to specialty care, authorization practices for services of all involved parties, coordination of case management services, education and training services to be provided, the management of medical records, and provider reimbursement methods. These protocols shall be provided to the consumers and their families, and be made available to the public upon request.

SEC. 22. Section 4474.5 is added to the Welfare and Institutions Code, to read:

4474.5. (a) In order to meet the unique medical health needs of consumers transitioning from Agnews Developmental Center into Alameda, San Mateo, and Santa Clara Counties pursuant to the Plan for the Closure of Agnews Developmental Center, whose individual program plans document the need for coordinated medical and specialty care that cannot be met using the traditional Medi-Cal Fee-For-Service system,

services provided under the contract shall be provided by Medi-Cal managed care health plans that are currently operational in these counties as a county organized health system or a local initiative if consumers, where applicable, choose to enroll. Reimbursement shall be by the State Department of Health Care Services for all Medi-Cal services provided under the contract that are not reimbursed by the Medicare program.

(b) Medi-Cal managed care health plans enrolling members referred to in subdivision (a) shall be further reimbursed for the reasonable cost of administrative services. Administrative services pursuant to this subdivision include, but are not limited to, coordination of care and case management not provided by a regional center, provider credentialing and contracting, quality oversight, assuring member access to covered services, consultation with Agnews Developmental Center staff, regional center staff, Department of Developmental Services staff, contractors, and family members, and financial management of the program, including claims processing. Reasonable cost is defined as the actual cost incurred by the Medi-Cal managed care health plan, including both direct and indirect costs incurred by the Medi-Cal managed care health plan, in the performance of administrative services, but shall not include any incurred costs found by the State Department of Health Care Services to be unnecessary for the efficient delivery of necessary health services. Payment for administrative services shall continue on a reasonable cost basis until sufficient cost experience exists to allow these costs to be part of an all-inclusive capitation rate covering both administrative services and direct patient care services.

(c) Until the State Department of Health Care Services is able to determine by actuarial methods, prospective per capita rates of payment for services for those members who enroll in the Medi-Cal managed care health plans specified in subdivision (a), the State Department of Health Care Services shall reimburse the Medi-Cal managed care health plans for the net reasonable cost of direct patient care services and supplies set forth in the scope of services in the contract between the Medi-Cal managed care health plans and the State Department of Health Care Services and that are not reimbursed by the Medicare Program. Net reasonable cost is defined as the actual cost incurred by the Medi-Cal managed care health plans, as measured by the Medi-Cal managed care health plan's payments to providers of services and supplies, less payments made to the plans by third parties other than Medicare, and shall not include any incurred cost found to be unnecessary by the State Department of Health Care Services in the efficient delivery of necessary health services. Reimbursement shall be accomplished by the State Department of Health Care Services making estimated payments at

reasonable intervals, with these estimates being reconciled to actual net reasonable cost at least semiannually.

(d) The State Department of Health Care Services shall seek any approval necessary for implementation of this section from the federal government, 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 provision of law, this section shall be implemented only to the extent that federal financial participation is available pursuant to necessary federal approvals.

SEC. 23. Section 4474.8 is added to the Welfare and Institutions Code, to read:

4474.8. Notwithstanding any other provision of law to the contrary, the State Department of Developmental Services shall continue the operation of the Agnews Outpatient Clinic until such time as the State Department of Developmental Services is no longer responsible for the property.

SEC. 24. Section 4640.6 of the Welfare and Institutions Code is amended to read:

4640.6. (a) In approving regional center contracts, the department shall ensure that regional center staffing patterns demonstrate that direct service coordination are the highest priority.

(b) Contracts between the department and regional centers shall require that regional centers implement an emergency response system that ensures that a regional center staff person will respond to a consumer, or individual acting on behalf of a consumer, within two hours of the time an emergency call is placed. This emergency response system shall be operational 24 hours per day, 365 days per year.

(c) Contracts between the department and regional centers shall require regional centers to have service coordinator-to-consumer ratios, as follows:

(1) An average service coordinator-to-consumer ratio of 1 to 62 for all consumers who have not moved from the developmental centers to the community since April 14, 1993. In no case shall a service coordinator for these consumers have an assigned caseload in excess of 79 consumers for more than 60 days.

(2) An average service coordinator-to-consumer ratio of 1 to 45 for all consumers who have moved from a developmental center to the community since April 14, 1993. In no case shall a service coordinator for these consumers have an assigned caseload in excess of 59 consumers for more than 60 days.

(3) Commencing January 1, 2004, to June 30, 2008, inclusive, the following coordinator-to-consumer ratios shall apply:

(A) All consumers three years of age and younger and for consumers enrolled on the Home and Community-based Services Waiver for persons with developmental disabilities, an average service coordinator-to-consumer ratio of 1 to 62.

(B) All consumers who have moved from a developmental center to the community since April 14, 1993, and have lived continuously in the community for at least 12 months, an average service coordinator-to-consumer ratio of 1 to 62.

(C) All consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not described in subparagraph (A), an average service coordinator-to-consumer ratio of 1 to 66.

(4) For purposes of paragraph (3), service coordinators may have a mixed caseload of consumers three years of age and younger, consumers enrolled on the Home and Community-based Services Waiver program for persons with developmental disabilities, and other consumers if the overall average caseload is weighted proportionately to ensure that overall regional center average service coordinator-to-consumer ratios as specified in paragraph (3) are met. For purposes of paragraph (3), in no case shall a service coordinator have an assigned caseload in excess of 84 for more than 60 days.

(d) For purposes of this section, “service coordinator” means a regional center employee whose primary responsibility includes preparing, implementing, and monitoring consumers’ individual program plans, securing and coordinating consumer services and supports, and providing placement and monitoring activities.

(e) In order to ensure that caseload ratios are maintained pursuant to this section, each regional center shall provide service coordinator caseload data to the department, annually for each fiscal year. The data shall be submitted in the format, including the content, prescribed by the department. Within 30 days of receipt of data submitted pursuant to this subdivision, the department shall make a summary of the data available to the public upon request. The department shall verify the accuracy of the data when conducting regional center fiscal audits. Data submitted by regional centers pursuant to this subdivision shall:

(1) Only include data on service coordinator positions as defined in subdivision (d). Regional centers shall identify the number of positions that perform service coordinator duties on less than a full-time basis. Staffing ratios reported pursuant to this subdivision shall reflect the appropriate proportionality of these staff to consumers served.

(2) Be reported separately for service coordinators whose caseload includes any of the following:

(A) Consumers who are three years of age and older and who have not moved from the developmental center to the community since April 14, 1993.

(B) Consumers who have moved from a developmental center to the community since April 14, 1993.

(C) Consumers who are younger than three years of age.

(D) Consumers enrolled in the Home and Community-based Services Waiver program.

(3) Not include positions that are vacant for more than 60 days or new positions established within 60 days of the reporting month that are still vacant.

(4) For purposes of calculating caseload ratios for consumers enrolled in the Home- and Community-based Services Waiver program, vacancies shall not be included in the calculations.

(f) The department shall provide technical assistance and require a plan of correction for any regional center that, for two consecutive reporting periods, fails to maintain service coordinator caseload ratios required by this section or otherwise demonstrates an inability to maintain appropriate staffing patterns pursuant to this section. Plans of correction shall be developed following input from the local area board, local organizations representing consumers, family members, regional center employees, including recognized labor organizations, and service providers, and other interested parties.

(g) Contracts between the department and regional center shall require the regional center to have, or contract for, all of the following areas:

(1) Criminal justice expertise to assist the regional center in providing services and support to consumers involved in the criminal justice system as a victim, defendant, inmate, or parolee.

(2) Special education expertise to assist the regional center in providing advocacy and support to families seeking appropriate educational services from a school district.

(3) Family support expertise to assist the regional center in maximizing the effectiveness of support and services provided to families.

(4) Housing expertise to assist the regional center in accessing affordable housing for consumers in independent or supportive living arrangements.

(5) Community integration expertise to assist consumers and families in accessing integrated services and supports and improved opportunities to participate in community life.

(6) Quality assurance expertise, to assist the regional center to provide the necessary coordination and cooperation with the area board in conducting quality-of-life assessments and coordinating the regional center quality assurance efforts.

(7) Each regional center shall employ at least one consumer advocate who is a person with developmental disabilities.

(8) Other staffing arrangements related to the delivery of services that the department determines are necessary to ensure maximum cost-effectiveness and to ensure that the service needs of consumers and families are met.

(h) Any regional center proposing a staffing arrangement that substantially deviates from the requirements of this section shall request a waiver from the department. Prior to granting a waiver, the department shall require a detailed staffing proposal, including, but not limited to, how the proposed staffing arrangement will benefit consumers and families served, and shall demonstrate clear and convincing support for the proposed staffing arrangement from constituencies served and impacted, that include, but are not limited to, consumers, families, providers, advocates, and recognized labor organizations. In addition, the regional center shall submit to the department any written opposition to the proposal from organizations or individuals, including, but not limited to, consumers, families, providers, and advocates, including recognized labor organizations. The department may grant waivers to regional centers that sufficiently demonstrate that the proposed staffing arrangement is in the best interest of consumers and families served, complies with the requirements of this chapter, and does not violate any contractual requirements. A waiver shall be approved by the department for up to 12 months, at which time a regional center may submit a new request pursuant to this subdivision.

(i) The requirements of subdivisions (c), (f), and (h) shall not apply when a regional center is required to develop an expenditure plan pursuant to Section 4791, and when the expenditure plan addresses the specific impact of the budget reduction on staffing requirements and the expenditure plan is approved by the department.

(j) (1) Any contract between the department and a regional center entered into on and after January 1, 2003, shall require that all employment contracts entered into with regional center staff or contractors be available to the public for review, upon request. For purposes of this subdivision, an employment contract or portion thereof may not be deemed confidential nor unavailable for public review.

(2) Notwithstanding paragraph (1), the social security number of the contracting party may not be disclosed.

(3) The term of the employment contract between the regional center and an employee or contractor shall not exceed the term of the state's contract with the regional center.

SEC. 25. Section 4643 of the Welfare and Institutions Code is amended to read:

4643. (a) If assessment is needed, prior to July 1, 2008, 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, 2008, 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. 26. Section 4648.4 of the Welfare and Institutions Code is amended to read:

4648.4. (a) Notwithstanding any other provision of law or regulation, commencing July 1, 2006, rates for services listed in paragraphs (1), (2), with the exception of travel reimbursement, (3) to (8), inclusive, (10), and (11) of subdivision (b), shall be increased by 3 percent, subject to funds specifically appropriated for this increase in the Budget Act of 2006. The increase shall be applied as a percentage, and the percentage shall be the same for all providers. Any subsequent change shall be governed by subdivision (b).

(b) Notwithstanding any other provision of law or regulation, except for subdivision (a), during the 2007–08 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 July 1, 2007, unless the increase is required by a contract between the regional center and the vendor that is in effect on June 30, 2007, 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:

- (1) Supported living services.

- (2) Transportation, including travel reimbursement.
- (3) Socialization training programs.
- (4) Behavior intervention training.
- (5) Community integration training programs.
- (6) Community activities support services.
- (7) Mobile day programs.
- (8) Creative art programs.
- (9) Supplemental day services program supports.
- (10) Adaptive skills trainers.
- (11) Independent living specialists.

SEC. 27. 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 2007–08 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 July 1, 2007, 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. 28. Section 4691.6 of the Welfare and Institutions Code is amended to read:

4691.6. (a) Notwithstanding any other provision of law or regulation, commencing July 1, 2006, the community-based day program, work activity program, and in-home respite service agency rate schedules authorized by the department and in operation June 30, 2006, shall be increased by 3 percent, subject to funds specifically appropriated for this increase in the Budget Act of 2006. The increase shall be applied as a percentage, and the percentage shall be the same for all providers. Any subsequent increase shall be governed by subdivisions (b), (c), (d), and (e).

(b) Notwithstanding any other provision of law or regulation, during the 2007–08 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 July 1, 2007, if the permanent payment rate would be greater than the temporary payment rate in effect on or after July 1, 2007, unless the regional center demonstrates to the department that the permanent payment rate is necessary to protect the consumers’ health or safety.

(c) Notwithstanding any other provision of law or regulation, during the 2007–08 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 July 1, 2007, 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.

(d) Notwithstanding any other provision of law or regulation, during the 2007–08 fiscal year, the department may not approve an anticipated rate adjustment 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 July 1, 2007, unless the regional center demonstrates that the anticipated rate adjustment is necessary to protect the consumers' health or safety.

(e) Notwithstanding any other provision of law or regulation, during the 2007–08 fiscal year, the department may not approve any rate adjustment for a work activity 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 July 1, 2007, 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. 29. Section 4781.5 of the Welfare and Institutions Code is amended to read:

4781.5. (a) For the 2006–07 fiscal year only, a regional center may not expend any purchase of service funds for the startup of any new program unless one of the following criteria is met:

(1) The expenditure is necessary to protect the consumer's health or safety or because of other extraordinary circumstances.

(2) The program to be developed promotes and provides integrated supported work options for individuals or groups of no more than three consumers.

(3) The program to be developed promotes and provides integrated social, civic, volunteer, or recreational activities.

(b) Notwithstanding subdivision (a), a regional center may approve grants for the 2006–07 fiscal year only to current providers to engage in new or expanded employment activities that result in greater integration, conversion from sheltered to supported work environments, self-employment, and increased consumer participation in the federal Ticket to Work program.

(c) Startup contracts for programs funded under this section shall be outcome-based.

(d) The department shall develop criteria by which regional centers shall approve grants, and shall provide prior written authorization for the expenditures under this section.

(e) This section shall not apply to any of the following:

(1) The purchase of services funds allocated as part of the department's community placement plan process.

(2) Expenditures for the startup of new programs made pursuant to a contract entered into before July 1, 2002.

SEC. 30. Section 4781.6 is added to the Welfare and Institutions Code, to read:

4781.6. (a) For the 2007–08 fiscal year only, a regional center shall 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 extraordinary circumstances, and the department has granted prior written authorization for the expenditures.

(b) This section does not apply to the purchase of services funds allocated as part of the department's community placement plan process.

SEC. 32. Section 10020 of the Welfare and Institutions Code is amended to read:

10020. (a) No person having private health care coverage shall be entitled to receive the same health care items or services furnished or paid for by a publicly funded health care program.

(b) As used in this chapter:

(1) "Publicly funded health care program" shall mean care or services rendered by a local government or any facility thereof, or health care services for which payment is made under the California Medical Assistance Program established by Chapter 7 (commencing with Section 14000) of Part 3 of this division by the State Department of Health Services or by its fiscal intermediary, or by a carrier or other organization with which the State Department of Health Services has contracted to furnish those services or to pay providers who furnish those services.

(2) As used in this chapter, "private health care coverage" means any health insurer, self-insured plan, group health plan, as defined in Section 607(1) of the Employee Retirement Income Security Act of 1974, service benefit plan, managed care organization, including health care service plans as defined in subdivision (f) of Section 1345 of the Health and Safety Code, licensed pursuant to 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, pharmacy benefit manager, or other party that is, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service.

(c) If a person receives health care furnished or paid for by a publicly funded health care program, the carrier of the person's private health care coverage shall reimburse the publicly funded health care program the cost incurred in rendering that care to the extent of the benefits

provided under the terms of the policy for the items provided or the services rendered.

SEC. 33. Section 10022 of the Welfare and Institutions Code is amended to read:

10022. (a) Each publicly funded health care program that furnishes or pays for health care items or services under this division to a person having private health care coverage shall be entitled to be subrogated to the rights that person has against the carrier of the coverage to the extent of the health care items provided or services rendered.

(b) An entity providing private health care coverage, as defined in paragraph (2) of subdivision (b) of Section 10020, shall do all of the following:

(1) Accept the state's right of recovery and the assignment to the state of any right of an individual or other entity to payment from the party for an item or service for which payment has been made under the state plan.

(2) Respond to any inquiry by the state regarding a claim for payment for any health care item or service that is submitted not later than three years after the date of the provision of that health care item or service.

(3) Agree not to deny a claim submitted by the state solely on the basis of the date of submission of the claim, the type or format of the claim form, or a failure to present proper documentation at the point-of-sale that is the basis of the claim if both of the following occur:

(A) The claim is submitted by the state within the three-year period beginning on the date on which the item or service was furnished.

(B) Any action by the state to enforce its rights with respect to that claim is commenced within six years of the state's submission of the claim.

SEC. 34. Section 10024 of the Welfare and Institutions Code is amended to read:

10024. Every contract or agreement for private health care coverage entered into or renewed after January 1, 1972, is deemed to provide for payment to a publicly funded health care program for the actual cost that the program incurs in providing health care items or rendering health care services to any party or beneficiary of that contract or agreement to the extent of the benefits provided under the terms of the policy for the items provided or services rendered.

SEC. 35. Section 14011.6 of the Welfare and Institutions Code is amended to read:

14011.6. (a) To the extent federal financial participation is available, the department shall exercise the option provided in Section 1920a of the federal Social Security Act (42 U.S.C. Sec. 1396r-1a) to implement a program for accelerated enrollment of children.

(b) The department shall designate the single point of entry, as defined in subdivision (c), as the qualified entity for determining eligibility under this section.

(c) For purposes of this section, "single point of entry" means the centralized processing entity that accepts and screens applications for benefits under the Medi-Cal Program for the purpose of forwarding them to the appropriate counties.

(d) The department shall implement this section only if, and to the extent that, federal financial participation is available.

(e) The department shall seek federal approval of any state plan amendments necessary to implement this section. When federal approval of the state plan amendment or amendments is received, the department shall commence implementation of this section on the first day of the second month following the month in which federal approval of the state plan amendment or amendments is received, or on July 1, 2002, whichever is later.

(f) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall, without taking any regulatory action, implement this section by means of all-county letters. Thereafter, 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.

(g) Upon the receipt of an application for a child who has coverage pursuant to the accelerated enrollment program, a county shall determine whether the child is eligible for Medi-Cal benefits. If the county determines that the child does not meet the eligibility requirements for participation in the Medi-Cal program, the county shall report this finding to the Medical Eligibility Data System so that accelerated enrollment coverage benefits are discontinued. The information to be reported shall consist of the minimum data elements necessary to discontinue that coverage for the child. This subdivision shall become operative on July 1, 2002, or the date that the program for accelerated enrollment coverage for children takes effect, whichever is later.

SEC. 36. Section 14011.65b is added to the Welfare and Institutions Code, to read:

14011.65b. (a) To the extent federal financial participation is available, the department shall exercise the option provided in Section 1920a of the federal Social Security Act (42 U.S.C. Sec. 1396r-1a) to implement a program of presumptive eligibility for any child who meets both of the following criteria:

(1) He or she has been receiving, but is no longer eligible for, benefits under the Healthy Families Program.

(2) He or she appears to be income-eligible for full-scope Medi-Cal without a share of cost.

(b) The department shall designate the Managed Risk Medical Insurance Board or any agent designated by the Managed Risk Medical Insurance Board, including, but not limited to, the single point of entry defined in subdivision (c) of Section 14011.6, as the qualified entity for determining eligibility under this section.

(c) The presumptive eligibility 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.

(d) The department shall commence implementation of this section on July 1, 2007, or after all necessary federal approvals are obtained, whichever date is later. Upon implementation of the presumptive eligibility program described in this section, the Director of Health Care Services shall execute a declaration, which shall be retained by the director, stating that implementation of the program has commenced.

(e) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall, without taking any regulatory action, initially implement this section by means of all-county letters. Thereafter, the department shall adopt any necessary 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) Upon the receipt of a timely and complete Medi-Cal application for a child who has coverage pursuant to the presumptive eligibility program authorized under this section, a county shall determine whether the child is eligible for Medi-Cal benefits. If the county determines that the child does not meet the eligibility requirements for participation in the Medi-Cal program, the county shall timely report this finding to the Medical Eligibility Data System so that presumptive eligibility benefits are discontinued.

SEC. 37. Section 14043.1 of the Welfare and Institutions Code is amended to read:

14043.1. As used in this article:

(a) "Abuse" means either of the following:

(1) Practices that are inconsistent with sound fiscal or business practices and result in unnecessary cost to the federal medicaid and Medicare programs, the Medi-Cal program, another state's medicaid program, or other health care programs operated, or financed in whole or in part, by the federal government or any state or local agency in this state or any other state.

(2) Practices that are inconsistent with sound medical practices and result in reimbursement by the federal medicaid and Medicare programs, the Medi-Cal program or other health care programs operated, or financed in whole or in part, by the federal government or any state or local agency in this state or any other state, for services that are unnecessary or for substandard items or services that fail to meet professionally recognized standards for health care.

(b) "Applicant" means any individual, partnership, group, association, corporation, institution, or entity, and the officers, directors, owners, managing employees, or agents thereof, that applies to the department for enrollment as a provider in the Medi-Cal program.

(c) "Application or application package" means a completed and signed application form, signed under penalty of perjury or notarized pursuant to Section 14043.25, a disclosure statement, a provider agreement, and all attachments or changes in the form, statement, or agreement.

(d) "Appropriate volume of business" means a volume that is consistent with the information provided in the application and any supplemental information provided by the applicant or provider, and is of a quality and type that would reasonably be expected based upon the size and type of business operated by the applicant or provider.

(e) "Business address" means the location where an applicant or provider provides services, goods, supplies, or merchandise, directly or indirectly, to a Medi-Cal beneficiary. A post office box or commercial box is not a business address. The business address for the location of a vehicle or vessel owned and operated by an applicant or provider enrolled in the Medi-Cal program and used to provide services, goods, supplies, or merchandise, directly or indirectly, to a Medi-Cal beneficiary shall either be the business address location listed on the provider's application as the location where similar services, goods, supplies, or merchandise would be provided or, the applicant's or provider's pay-to-address.

(f) "Convicted" means any of the following:

(1) A judgment of conviction has been entered against an individual or entity by a federal, state, or local court, regardless of whether there is a posttrial motion or an appeal pending or the judgment of conviction or other record relating to the criminal conduct has been expunged or otherwise removed.

(2) A federal, state, or local court has made a finding of guilt against an individual or entity.

(3) A federal, state, or local court has accepted a plea of guilty or nolo contendere by an individual or entity.

(4) An individual or entity has entered into participation in a first offender, deferred adjudication, or other program or arrangement where judgment of conviction has been withheld.

(g) "Debt due and owing" means 60 days have passed since a notice or demand for repayment of an overpayment or other amount resulting from an audit or examination, for a penalty assessment, or for any other amount due the department was sent to the provider, regardless of whether the provider is an institutional provider or a noninstitutional provider and regardless of whether an appeal is pending.

(h) "Enrolled or enrollment in the Medi-Cal program" means authorized under any processes by the department or its agents or contractors to receive, directly or indirectly, reimbursement for the provision of services, goods, supplies, or merchandise to a Medi-Cal beneficiary.

(i) "Fraud" means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or herself or some other person. It includes any act that constitutes fraud under applicable federal or state law.

(j) "Location" means a street, city, or rural route address or a site or place within a street, city, or rural route address, and the city, county, state, and nine digit ZIP Code.

(k) "Not currently enrolled at the location for which the application is submitted" means either of the following:

(1) The provider is changing location and moving to a different location than that for which the provider was issued a provider number.

(2) The provider is adding a business address.

(l) "Preenrollment period" or "preenrollment" includes the period of time during which an application package for enrollment, continued enrollment, or for the addition of or change in a location is pending.

(m) "Professionally recognized standards of health care" means statewide or national standards of care, whether in writing or not, that professional peers of the individual or entity whose provision of care is an issue recognize as applying to those peers practicing or providing care within a state. When the United States Department of Health and Human Services has declared a treatment modality not to be safe and effective, practitioners that employ that treatment modality shall be deemed not to meet professionally recognized standards of health care. This subdivision shall not be construed to mean that all other treatments meet professionally recognized standards of care.

(n) "Provider" means any individual, partnership, group, association, corporation, institution, or entity, and the officers, directors, owners, managing employees, or agents of any partnership, group association,

corporation, institution, or entity, that provides services, goods, supplies, or merchandise, directly or indirectly, to a Medi-Cal beneficiary and that has been enrolled in the Medi-Cal program.

(o) "Unnecessary or substandard items or services" means those that are either of the following:

(1) Substantially in excess of the provider's usual charges or costs for the items or services.

(2) Furnished, or caused to be furnished, to patients, whether or not covered by Medicare, medicaid, or any of the state health care programs to which the definitions of applicant and provider apply, and which are substantially in excess of the patient's needs, or of a quality that fails to meet professionally recognized standards of health care. The department's determination that the items or services furnished were excessive or of unacceptable quality shall be made on the basis of information, including sanction reports, from the following sources:

(A) The professional review organization for the area served by the individual or entity.

(B) State or local licensing or certification authorities.

(C) Fiscal agents or contractors, or private insurance companies.

(D) State or local professional societies.

(E) Any other sources deemed appropriate by the department.

SEC. 38. Section 14043.15 of the Welfare and Institutions Code is amended to read:

14043.15. (a) The department may adopt regulations for certification of each applicant and each provider in the Medi-Cal program. No certification shall be required for natural persons licensed or certificated under Division 2 (commencing with Section 500) of the Business and Professions Code, the Osteopathic Initiative Act or the Chiropractic Initiative Act.

(b) (1) An applicant or provider who is a natural person, and is licensed or certificated pursuant to Division 2 (commencing with Section 500) of the Business and Professions Code, the Osteopathic Initiative Act, or the Chiropractic Initiative Act, or is a professional corporation, as defined in subdivision (b) of Section 13401 of the Corporations Code, shall comply with Section 14043.26 and shall be enrolled in the Medi-Cal program as either an individual provider or as a rendering provider in a provider group for each application package submitted and approved pursuant to Section 14043.26, notwithstanding that the applicant or provider meets the requirements to qualify as exempt from clinic licensure under subdivision (a) or (m) of Section 1206 of the Health and Safety Code.

(2) A provider enrolled in the Medi-Cal program pursuant to paragraph (1), who has disclosed in the application package for enrollment that the

provider's practice includes the rendering of services, goods, supplies, or merchandise solely at one, or at more than one, health facility, as defined in Section 1250 of the Health and Safety Code, or clinic, as defined in Section 1204 of the Health and Safety Code, or medical therapy unit, for purposes of Section 123950 of the Health and Safety Code, or residence of the provider's patient, or office of a physician and surgeon involved in the care and treatment of the provider's patients, shall not be required to enroll at each such health facility, clinic, medical therapy unit, patient's residence or physician and surgeon's office location and may utilize the business addresses listed on the application for enrollment pursuant to paragraph (1) to claim reimbursement from the Medi-Cal program for services rendered by the provider to Medi-Cal beneficiaries at all of those health facilities, clinics, medical therapy units, residences, or physician offices.

(3) This subdivision shall not be interpreted to allow the violation of any state or federal law governing fiscal intermediaries or Division 2 (commencing with Section 500) of the Business and Professions Code, the Osteopathic Initiative Act, or the Chiropractic Initiative Act. This subdivision does not remove the requirement that each claim for reimbursement from the Medi-Cal program identify the place of service and the rendering provider.

(c) An applicant or provider licensed as a clinic pursuant to Chapter 1 (commencing with Section 1200) of, or a health facility licensed pursuant to Chapter 2 (commencing with Section 1250) of, Division 2 of the Health and Safety Code may be enrolled in the Medi-Cal program as a clinic or a health facility and need not comply with Section 14043.26 if the clinic or health facility is certified by the department to participate in the Medi-Cal program.

(d) An applicant or provider that meets the requirements to qualify as exempt from clinic licensure under subdivisions (b) to (l), inclusive, or subdivisions (n) to (p), inclusive, of Section 1206 of the Health and Safety Code shall comply with Section 14043.26 and may be enrolled in the Medi-Cal program as either a clinic or within any other provider category for which the applicant or provider qualifies. An applicant or provider to which any of the clinic licensure exemptions specified in this subdivision apply shall identify the licensure exemption category and document in its application package the legal and factual basis for the clinic license exemption claimed.

(e) Notwithstanding subdivisions (a), (b), (c), and (d), an applicant or provider that meets the requirements to qualify as exempt from clinic licensure pursuant to subdivision (h) of Section 1206 of the Health and Safety Code, including an intermittent site that is operated by a licensed primary care clinic or an affiliated mobile health care unit licensed or

approved under Chapter 9 (commencing with Section 1765.101) of Division 2 of the Health and Safety Code, and that is operated by a licensed primary care clinic, and for which intermittent site or mobile health unit the licensed primary care clinic directly or indirectly provides all staffing, protocols, equipment, supplies, and billing services, need not enroll in the Medi-Cal program as a separate provider and need not comply with Section 14043.26 if the licensed primary care clinic operating the applicant, provider clinic, or mobile health care unit has notified the department of its separate locations, premises, intermittent sites, or mobile health care units.

SEC. 39. Section 14043.2 of the Welfare and Institutions Code is amended to read:

14043.2. (a) Whether or not regulations for certification are adopted under Section 14043.15, in order to be enrolled as a provider, or for enrollment as a provider to continue, an applicant or provider may be required to sign a provider agreement and shall disclose all information as required in federal medicaid regulations and any other information required by the department. Applicants, providers, and persons with an ownership or control interest, as defined in federal medicaid regulations, shall submit their social security number or numbers to the department, to the full extent allowed under federal law. The director may designate the form of a provider agreement by provider type. Failure to disclose the required information, or the disclosure of false information, shall result in denial of the application for enrollment or shall make the provider subject to temporary suspension from the Medi-Cal program, which shall include temporary deactivation of the provider's number or numbers, including all business addresses used by the provider to obtain reimbursement from the Medi-Cal program.

(b) The director shall notify the provider of the temporary suspension and deactivation of the provider's number or numbers, including all business addresses used by the provider, and the effective date thereof. Notwithstanding Section 100171 of the Health and Safety Code and Section 14123, proceedings after the imposition of sanctions provided for in subdivision (a) shall be in accordance with Section 14043.65.

SEC. 40. Section 14043.26 of the Welfare and Institutions Code is amended to read:

14043.26. (a) (1) On and after January 1, 2004, an applicant that is not currently enrolled in the Medi-Cal program, or a provider applying for continued enrollment, upon written notification from the department that enrollment for continued participation of all providers in a specific provider of service category or subgroup of that category to which the provider belongs will occur, or a provider not currently enrolled at a location where the provider intends to provide services, goods, supplies,

or merchandise to a Medi-Cal beneficiary, shall submit a complete application package for enrollment, continuing enrollment, or enrollment at a new location or a change in location.

(2) Clinics licensed by the department pursuant to Chapter 1 (commencing with Section 1200) of Division 2 of the Health and Safety Code and certified by the department to participate in the Medi-Cal program shall not be subject to this section.

(3) Health facilities licensed by the department pursuant to Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code and certified by the department to participate in the Medi-Cal program shall not be subject to this section.

(4) Adult day health care providers licensed pursuant to Chapter 3.3 (commencing with Section 1570) of Division 2 of the Health and Safety Code and certified by the department to participate in the Medi-Cal program shall not be subject to this section.

(5) Home health agencies licensed pursuant to Chapter 8 (commencing with Section 1725) of Division 2 of the Health and Safety Code and certified by the department to participate in the Medi-Cal program shall not be subject to this section.

(6) Hospices licensed pursuant to Chapter 8.5 (commencing with Section 1745) of Division 2 of the Health and Safety Code and certified by the department to participate in the Medi-Cal program shall not be subject to this section.

(b) Within 30 days after receiving an application package submitted pursuant to subdivision (a), the department shall provide written notice that the application package has been received and, if applicable, that there is a moratorium on the enrollment of providers in the specific provider of service category or subgroup of the category to which the applicant or provider belongs. This moratorium shall bar further processing of the application package.

(c) (1) If the applicant package submitted pursuant to subdivision (a) is from an applicant or provider who meets the criteria listed in paragraph (2), the applicant or provider shall be considered a preferred provider and shall be granted preferred provisional provider status pursuant to this section and for a period of no longer than 18 months, effective from the date on the notice from the department. The ability to request consideration as a preferred provider and the criteria necessary for the consideration shall be publicized to all applicants and providers. An applicant or provider who desires consideration as a preferred provider pursuant to this subdivision shall request consideration from the department by making a notation to that effect on the application package, by cover letter, or by other means identified by the department in a provider bulletin. Request for consideration as a preferred provider shall

be made with each application package submitted in order for the department to grant the consideration. An applicant or provider who requests consideration as a preferred provider shall be notified within 90 days whether the applicant or provider meets or does not meet the criteria listed in paragraph (2). If an applicant or provider is notified that the applicant or provider does not meet the criteria for a preferred provider, the application package submitted shall be processed in accordance with the remainder of this section.

(2) To be considered a preferred provider, the applicant or provider shall meet all of the following criteria:

(A) Hold a current license as a physician and surgeon issued by the Medical Board of California or the Osteopathic Medical Board of California, which license shall not have been revoked, whether stayed or not, suspended, placed on probation, or subject to other limitation.

(B) Be a current faculty member of a teaching hospital or a children's hospital, as defined in Section 10727, accredited by the Joint Commission for Accreditation of Healthcare Organizations or the American Osteopathic Association, or be credentialed by a health care service plan that is licensed under 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; the Knox-Keene Act) or county organized health system, or be a current member in good standing of a group that is credentialed by a health care service plan that is licensed under the Knox-Keene Act.

(C) Have full, current, unrevoked, and unsuspended privileges at a Joint Commission for Accreditation of Healthcare Organizations or American Osteopathic Association accredited general acute care hospital.

(D) Not have any adverse entries in the Healthcare Integrity and Protection Databank.

(3) The department may recognize other providers as qualifying as preferred providers if criteria similar to those set forth in paragraph (2) are identified for the other providers. The department shall consult with interested parties and appropriate stakeholders to identify similar criteria for other providers so that they may be considered as preferred providers.

(d) Within 180 days after receiving an application package submitted pursuant to subdivision (a), or from the date of the notice to an applicant or provider that the applicant or provider does not qualify as a preferred provider under subdivision (c), the department shall give written notice to the applicant or provider that any of the following applies, or shall on the 181st day grant the applicant or provider provisional provider status pursuant to this section for a period no longer than 12 months, effective from the 181st day:

(1) The applicant or provider is being granted provisional provider status for a period of 12 months, effective from the date on the notice.

(2) The application package is incomplete. The notice shall identify any additional information or documentation that is needed to complete the application package.

(3) The department is exercising its authority under Section 14043.37, 14043.4, or 14043.7, and is conducting background checks, preenrollment inspections, or unannounced visits.

(4) The application package is denied for any of the following reasons:

(A) Pursuant to Section 14043.2 or 14043.36.

(B) For lack of a license necessary to perform the health care services or to provide the goods, supplies, or merchandise directly or indirectly to a Medi-Cal beneficiary, within the applicable provider of service category or subgroup of that category.

(C) The period of time during which an applicant or provider has been barred from reapplying has not passed.

(D) For other stated reasons authorized by law.

(e) (1) If the application package that was noticed as incomplete under subdivision (d) is resubmitted with all requested information and documentation, and received by the department within 35 days of the date on the notice, the department shall, within 60 days of the resubmission, send a notice that any of the following applies:

(A) The applicant or provider is being granted provisional provider status for a period of 12 months, effective from the date on the notice.

(B) The application package is denied for any other reasons provided for in paragraph (4) of subdivision (d).

(C) The department is exercising its authority under Section 14043.37, 14043.4, or 14043.7 to conduct background checks, preenrollment inspections, or unannounced visits.

(2) (A) If the application package that was noticed as incomplete under paragraph (2) of subdivision (d) is not resubmitted with all requested information and documentation and received by the department within 35 days of the date on the notice, the application package shall be denied by operation of law. The applicant or provider may reapply by submitting a new application package that shall be reviewed de novo.

(B) If the failure to resubmit is by a provider applying for continued enrollment, the failure shall make the provider also subject to deactivation of the provider's number and all of the business addresses used by the provider to provide services, goods, supplies, or merchandise to Medi-Cal beneficiaries.

(C) Notwithstanding subparagraph (A), if the notice of an incomplete application package included a request for information or documentation related to grounds for denial under Section 14043.2 or 14043.36, the

applicant or provider may not reapply for enrollment or continued enrollment in the Medi-Cal program or for participation in any health care program administered by the department or its agents or contractors for a period of three years.

(f) (1) If the department exercises its authority under Section 14043.37, 14043.4, or 14043.7 to conduct background checks, preenrollment inspections, or unannounced visits, the applicant or provider shall receive notice, from the department, after the conclusion of the background check, preenrollment inspections, or unannounced visit of either of the following:

(A) The applicant or provider is granted provisional provider status for a period of 12 months, effective from the date on the notice.

(B) Discrepancies or failure to meet program requirements, as prescribed by the department, have been found to exist during the preenrollment period.

(2) (A) The notice shall identify the discrepancies or failures, and whether remediation can be made or not, and if so, the time period within which remediation must be accomplished. Failure to remediate discrepancies and failures as prescribed by the department, or notification that remediation is not available, shall result in denial of the application by operation of law. The applicant or provider may reapply by submitting a new application package that shall be reviewed de novo.

(B) If the failure to remediate is by a provider applying for continued enrollment, the failure shall make the provider also subject to deactivation of the provider's number and all of the business addresses used by the provider to provide services, goods, supplies, or merchandise to Medi-Cal beneficiaries.

(C) Notwithstanding subparagraph (A), if the discrepancies or failure to meet program requirements, as prescribed by the director, included in the notice were related to grounds for denial under Section 14043.2 or 14043.36, the applicant or provider may not reapply for three years.

(g) If provisional provider status or preferred provisional provider status is granted pursuant to this section, a provider number shall be used by the provider for each business address for which an application package has been approved. This provider number shall be used exclusively for the locations for which it is issued, unless the practice of the provider's profession or delivery of services, goods, supplies, or merchandise is such that services, goods, supplies, or merchandise are rendered or delivered at locations other than the provider's business address and this practice or delivery of services, goods, supplies, or merchandise has been disclosed in the application package approved by the department when the provisional provider status or preferred provisional provider status was granted.

(h) Except for providers subject to subdivision (c) of Section 14043.47, a provider currently enrolled in the Medi-Cal program at one or more locations who has submitted an application package for enrollment at a new location or a change in location pursuant to subdivision (a) may submit claims for services, goods, supplies, or merchandise rendered at the new location until the application package is approved or denied under this section, and shall not be subject, during that period, to deactivation, or be subject to any delay or nonpayment of claims as a result of billing for services rendered at the new location as herein authorized. However, the provider shall be considered during that period to have been granted provisional provider status or preferred provisional provider status and be subject to termination of that status pursuant to Section 14043.27. A provider that is subject to subdivision (c) of Section 14043.47 may come within the scope of this subdivision upon submitting documentation in the application package that identifies the physician providing supervision for every three locations. If a provider submits claims for services rendered at a new location before the application for that location is received by the department, the department may deny the claim.

(i) An applicant or a provider whose application for enrollment, continued enrollment, or a new location or change in location has been denied pursuant to this section, may appeal the denial in accordance with Section 14043.65.

(j) (1) Upon receipt of a complete and accurate claim for an individual nurse provider, the department shall adjudicate the claim within an average of 30 days.

(2) During the budget proceedings of the 2006–07 fiscal year, and each fiscal year thereafter, the department shall provide data to the Legislature specifying the timeframe under which it has processed and approved the provider applications submitted by individual nurse providers.

(3) For purposes of this subdivision, “individual nurse providers” are providers authorized under certain home- and community-based waivers and under the state plan to provide nursing services to Medi-Cal recipients in the recipients’ own homes rather than in institutional settings.

SEC. 41. Section 14043.27 of the Welfare and Institutions Code is amended to read:

14043.27. (a) If an applicant or provider is granted provisional provider status or preferred provisional provider status pursuant to Section 14043.26 and, if at any time during the provisional provider status period or preferred provisional provider status period, the department conducts any announced or unannounced visits or any

additional inspections or reviews pursuant to this chapter or Chapter 8 (commencing with Section 14200), or the regulations adopted thereunder, or pursuant to Section 100185.5 of the Health and Safety Code, and discovers or otherwise determines the existence of any ground to deactivate the provider's number and business addresses or suspend the provider from the Medi-Cal program pursuant to this chapter or Chapter 8 (commencing with Section 14200), or the regulations adopted thereunder, or pursuant to Section 100185.5 of the Health and Safety Code, or if any of the circumstances listed in subdivision (c) occur, the department shall terminate the provisional provider status or preferred provisional provider status of the provider, regardless of whether the period of time for which the provisional provider status or preferred provisional provider status was granted under Section 14043.26 has elapsed.

(b) Termination of provisional provider status or preferred provisional provider status shall include deactivation of the provider's number, including all business addresses used by the provider to obtain reimbursement from the Medi-Cal program and removal of the provider from enrollment in the Medi-Cal program, except where the termination is based upon a ground related solely to a specific location for which provisional provider status was granted. Termination of provisional provider status based upon grounds related solely to a specific location may include failure to have an established place of business, failure to possess the business or zoning permits or other approvals necessary to operate a business, or failure to possess the appropriate licenses, permits, or certificates necessary for the provider of service category or subcategory identified by the provider in its application package. Where the grounds relate solely to a specific location, the termination of provisional provider status shall include only deactivation of the specific locations that the grounds apply to and shall include removal of the provider from enrollment in the Medi-Cal program only if, after deactivation of the specific locations, the provider does not have any business address that is not deactivated.

(c) The following circumstances are grounds for termination of provisional provider status or preferred provisional provider status:

(1) The provider, persons with an ownership or control interest in the provider, or persons who are directors, officers, or managing employees of the provider have been convicted of any felony, or convicted of any misdemeanor involving fraud or abuse in any government program, related to neglect or abuse of a patient in connection with the delivery of a health care item or service, or in connection with the interference with, or obstruction of, any investigation into health care related fraud or abuse, or have been found liable for fraud or abuse in any civil

proceeding, or have entered into a settlement in lieu of conviction for fraud or abuse in any government program within 10 years of the date of the application package.

(2) There is a material discrepancy in the information provided to the department, or with the requirements to be enrolled, that is discovered after provisional provider status or preferred provisional provider status has been granted and that cannot be corrected because the discrepancy occurred in the past.

(3) The provider has provided material information that was false or misleading at the time it was provided.

(4) The provider failed to have an established place of business at the business address for which the application package was submitted at the time of any onsite inspection, announced or unannounced visit, or any additional inspection or review conducted pursuant to this article or a statute or regulation governing the Medi-Cal program, unless the practice of the provider's profession or delivery of services, goods, supplies, or merchandise is such that services, goods, supplies, or merchandise are rendered or delivered at locations other than the business address and this practice or delivery of services, goods, supplies, or merchandise has been disclosed in the application package approved by the department when the provisional provider status or preferred provisional provider status was granted.

(5) The provider meets the definition of a clinic under Section 1200 of the Health and Safety Code, but is not licensed as a clinic pursuant to Chapter 1 (commencing with Section 1200) of Division 2 of the Health and Safety Code and fails to meet the requirements to qualify for at least one exemption pursuant to Section 1206 or 1206.1 of the Health and Safety Code.

(6) The provider performs clinical laboratory tests or examinations, but it or its personnel do not meet CLIA, and the regulations adopted thereunder, and the state clinical laboratory law, do not possess valid CLIA certificates and clinical laboratory registrations or licenses pursuant to Chapter 3 (commencing with Section 1200) of Division 2 of the Business and Professions Code, or are not exempt from licensure as a clinical laboratory under Section 1241 of the Business and Professions Code.

(7) The provider fails to possess either of the following:

(A) The appropriate licenses, permits, certificates, or other approvals needed to practice the profession or occupation, or provide the services, goods, supplies, or merchandise the provider identified in the application package approved by the department when the provisional provider status or preferred provisional provider status was granted and for the location for which the application was submitted.

(B) The business or zoning permits or other approvals necessary to operate a business at the location identified in its application package approved by the department when the provisional provider status or preferred provisional provider status was granted.

(8) The provider, or if the provider is a clinic, group, partnership, corporation, or other association, any officer, director, or shareholder with a 10 percent or greater interest in that organization, commits two or more violations of the federal or state statutes or regulations governing the Medi-Cal program, and the violations demonstrate a pattern or practice of fraud, abuse, or provision of unnecessary or substandard medical services.

(9) The provider commits any violation of a federal or state statute or regulation governing the Medi-Cal program or of a statute or regulation governing the provider's profession or occupation and the violation represents a threat of immediate jeopardy or significant harm to any Medi-Cal beneficiary or to the public welfare.

(10) The provider submits claims for payment that subject a provider to suspension under Section 14043.61.

(11) The provider submits claims for payment for services, goods, supplies, or merchandise rendered at a location other than the business address or addresses listed on the application for enrollment, unless the practice of the provider's profession or delivery of services, goods, supplies, or merchandise is such that services, goods, supplies, or merchandise are rendered or delivered at locations other than the business address and this practice or delivery of services, goods, supplies, or merchandise has been disclosed in the application package approved by the department when the provisional provider status was granted.

(12) The provider has not paid its fine, or has a debt due and owing, including overpayments and penalty assessments, to any federal, state, or local government entity that relates to Medicare, medicaid, Medi-Cal, or any other federal or state health care program, and has not made satisfactory arrangements to fulfill the obligation or otherwise been excused by legal process from fulfilling the obligation.

(d) If, during a provisional provider status period or a preferred provisional provider status period, the department conducts any announced or unannounced visits or any additional inspections or reviews pursuant to this chapter or Chapter 8 (commencing with Section 14200), or the regulations adopted thereunder, and commences an investigation for fraud or abuse, or discovers or otherwise determines that the provider is under investigation for fraud or abuse by any other state, local, or federal government law enforcement agency, the provider shall be subject to termination of provisional provider status or preferred provisional provider status, regardless of whether the period of time for which the

provisional provider status or preferred provisional provider status was granted under Section 14043.26 has elapsed.

(e) A provider whose provisional provider status or preferred provisional provider status has been terminated pursuant to this section may appeal the termination in accordance with Section 14043.65.

(f) Any department-recovered fine or debt due and owing, including overpayments, that are subsequently determined to have been erroneously collected shall be promptly refunded to the provider, together with interest paid in accordance with subdivision (e) of Section 14171 and Section 14172.5.

SEC. 42. Section 14043.28 of the Welfare and Institutions Code is amended to read:

14043.28. (a) (1) If an application package is denied under Section 14043.26 or provisional provider status or preferred provisional provider status is terminated under Section 14043.27, the applicant or provider may not reapply for enrollment or continued enrollment in the Medi-Cal program or for participation in any health care program administered by the department or its agents or contractors for a period of three years from the date the application package is denied or the provisional provider status is terminated, or from the date of the final decision following an appeal from that denial or termination, except as provided otherwise in paragraph (2) of subdivision (e), or paragraph (2) of subdivision (f), of Section 14043.26 and as set forth in this section.

(2) If the application is denied under paragraph (2) of subdivision (e) of Section 14043.26 because the applicant failed to resubmit an incomplete application package or is denied under paragraph (2) of subdivision (f) of Section 14043.26 because the applicant failed to remediate discrepancies, the applicant may resubmit an application in accordance with paragraph (2) of subdivision (d) or paragraph (2) of subdivision (f), respectively.

(3) If the denial of the application package is based upon a conviction for any offense or for any act included in Section 14043.36 or termination of the provisional provider status or preferred provisional provider status is based upon a conviction for any offense or for any act included in paragraph (1) of subdivision (c) of Section 14043.27, the applicant or provider may not reapply for enrollment or continued enrollment in the Medi-Cal program or for participation in any health care program administered by the department or its agents or contractors for a period of 10 years from the date the application package is denied or the provisional provider status or preferred provisional provider status is terminated or from the date of the final decision following an appeal from that denial or termination.

(4) If the denial of the application package is based upon two or more convictions for any offense or for any two or more acts included in Section 14043.36 or termination of the provisional provider status or preferred provisional provider status is based upon two or more convictions for any offense or for any two acts included in paragraph (1) of subdivision (c) of Section 14043.27, the applicant or provider shall be permanently barred from enrollment or continued enrollment in the Medi-Cal program or for participation in any health care program administered by the department or its agents or contractors.

(5) The prohibition in paragraph (1) against reapplying for three years shall not apply if the denial of the application or termination of provisional provider status or preferred provisional provider status is based upon any of the following:

(A) The grounds provided for in paragraph (4), or subparagraph (B) of paragraph (7), of subdivision (c) of Section 14043.27.

(B) The grounds provided for in subdivision (d) of Section 14043.27, if the investigation is closed without any adverse action being taken.

(C) The grounds provided for in paragraph (6) of subdivision (c) of Section 14043.27. However, the department may deny reimbursement for claims submitted while the provider was noncompliant with CLIA.

(b) (1) If an application package is denied under subparagraph (A), (B), or (D) of paragraph (4) of subdivision (d) of Section 14043.26, or with respect to a provider described in subparagraph (B) of paragraph (2) of subdivision (e), or subparagraph (B) of paragraph (2) of subdivision (f), of Section 14043.26, or provisional provider status or preferred provisional provider status is terminated based upon any of the grounds stated in subparagraph (A) of paragraph (7), or paragraphs (1), (2), (3), (5), and (8) to (12), inclusive, of subdivision (c) of Section 14043.27, all business addresses of the applicant or provider shall be deactivated and the applicant or provider shall be removed from enrollment in the Medi-Cal program by operation of law.

(2) If the termination of provisional provider status is based upon the grounds stated in subdivision (d) of Section 14043.27 and the investigation is closed without any adverse action being taken, or is based upon the grounds in subparagraph (B) of paragraph (7) of subdivision (c) of Section 14043.27 and the applicant or provider obtains the appropriate license, permits, or approvals covering the period of provisional provider status, the termination taken pursuant to subdivision (c) of Section 14043.27 shall be rescinded, the previously deactivated provider numbers shall be reactivated, and the provider shall be reenrolled in the Medi-Cal program, unless there are other grounds for taking these actions.

(c) Claims that are submitted or caused to be submitted by an applicant or provider who has been suspended from the Medi-Cal program for any reason or who has had its provisional provider status terminated or had its application package for enrollment or continued enrollment denied and all business addresses deactivated may not be paid for services, goods, merchandise, or supplies rendered to Medi-Cal beneficiaries during the period of suspension or termination or after the date all business addresses are deactivated.

SEC. 43. Section 14043.36 of the Welfare and Institutions Code is amended to read:

14043.36. (a) The department shall not enroll any applicant that has been convicted of any felony or misdemeanor involving fraud or abuse in any government program, or related to neglect or abuse of a patient in connection with the delivery of a health care item or service, or in connection with the interference with or obstruction of any investigation into health care related fraud or abuse or that has been found liable for fraud or abuse in any civil proceeding, or that has entered into a settlement in lieu of conviction for fraud or abuse in any government program, within the previous 10 years. In addition, the department may deny enrollment to any applicant that, at the time of application, is under investigation by the department or any state, local, or federal government law enforcement agency for fraud or abuse pursuant to Subpart A (commencing with Section 455.12) of Part 455 of Title 42 of the Code of Federal Regulations. The department shall not deny enrollment to an otherwise qualified applicant whose felony or misdemeanor charges did not result in a conviction solely on the basis of the prior charges. If it is discovered that a provider is under investigation by the department or any state, local, or federal government law enforcement agency for fraud or abuse, that provider shall be subject to temporary suspension from the Medi-Cal program, which shall include temporary deactivation of the provider's number, including all business addresses used by the provider to obtain reimbursement from the Medi-Cal program.

(b) The director shall notify in writing the provider of the temporary suspension and deactivation of the provider's number, which shall take effect 15 days from the date of the notification. Notwithstanding Section 100171 of the Health and Safety Code, proceedings after the imposition of sanctions provided for in subdivision (a) shall be in accordance with Section 14043.65.

SEC. 44. Section 14043.45 of the Welfare and Institutions Code is repealed.

SEC. 45. Section 14043.45 is added to the Welfare and Institutions Code, to read:

14043.45. (a) Notwithstanding whether a National Provider Identification (NPI) number is required by the rules issued by the Centers for Medicare and Medicaid Services implementing the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the department may require that an applicant or provider submit an NPI number.

(b) For transactions not specifically identified as covered transactions under the HIPAA NPI rules, the department may require that a provider use a National Provider Identification number on those transactions, or the department may issue the provider a unique identification number or numbers that shall be used on all transactions.

(c) Notwithstanding any other provisions of law, the department may, without taking regulatory action pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, implement, interpret, or make specific this section by means of a provider bulletin or similar instruction. The department shall notify and consult with interested parties and appropriate stakeholders in implementing, interpreting, or making specific this statute, including taking all of the following actions:

(1) Notifying provider representatives of the proposed action or change. The notice shall occur at least 10 business days prior to the meeting provided for in paragraph (2).

(2) Scheduling at least one meeting with interested parties and appropriate stakeholders to discuss the action or change.

(3) Allowing for written input regarding the action or change.

(4) Providing at least 30 days' advance notice of the effective date of the action or change.

(d) This section shall apply to any health care program administered by the department or its agents or contractors.

SEC. 46. 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) Commencing May 1, 2006, an applicant for certification that meets all of the following:

(A) Is serving persons discharged into community housing from a nursing facility operated by the City and County of San Francisco.

(B) Has submitted, after December 31, 2005, but prior to February 1, 2006, an application for certification that has not been denied.

(C) Meets all criteria for certification imposed under this article and is licensed as an adult day health care center pursuant to Chapter 3.3 (commencing with Section 1570) of Division 2 of the Health and Safety Code.

(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 as reported in the California Long Term Care County Data Book, 2002:

(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. 47. Section 14043.47 of the Welfare and Institutions Code is amended to read:

14043.47. (a) A provider doing business as a sole proprietorship, partnership, or professional corporation under Part 4 (commencing with Section 13400) of Division 3 of the Corporations Code or a rendering physician provider in a group who utilizes nonphysician medical practitioners to provide services, goods, supplies, or merchandise to Medi-Cal beneficiaries shall meet the specific supervisory requirements applicable to such providers, pursuant to the Business and Professions Code or other state or federal law.

(b) A provider doing business as a sole proprietorship, partnership, or professional corporation under Part 4 (commencing with Section 13400) of Division 3 of the Corporations Code or a rendering physician provider in a group who fails to comply with the requirements of this section is subject to temporary suspension from the Medi-Cal program and deactivation of the provider's number, including all business addresses.

(c) A physician doing business as a sole proprietorship, partnership, or professional corporation under Part 4 (commencing with Section 13400) of Division 3 of the Corporations Code or a rendering physician provider in a group may not be enrolled at more than three business addresses unless there is a ratio of at least one physician providing supervision for every three locations.

(d) A physician doing business as a sole proprietorship, partnership, or professional medical corporation under Part 4 (commencing with Section 13400) of Division 3 of the Corporations Code or a rendering physician provider in a group who fails to comply with the requirements of this section is subject to temporary suspension from the Medi-Cal program and deactivation of all of his or her number, including all business addresses.

SEC. 48. Section 14043.61 of the Welfare and Institutions Code is amended to read:

14043.61. (a) A provider shall be subject to suspension if claims for payment are submitted for the services, goods, supplies, or merchandise provided, directly or indirectly, to a Medi-Cal beneficiary, by an individual or entity that is suspended, excluded, or otherwise ineligible because of a sanction to receive, directly or indirectly, reimbursement from the Medi-Cal program and the individual or entity is listed on either the Suspended and Ineligible Provider List, published by the department, to identify suspended and otherwise ineligible providers, or any list published by the federal Office of Inspector General regarding the suspension or exclusion of individuals or entities from the federal Medicare and medicaid programs, to identify suspended, excluded, or otherwise ineligible providers.

(b) Notwithstanding Section 100171 of the Health and Safety Code, the imposition of the sanction provided for in subdivision (a) shall be appealable in accordance with Section 14043.65.

SEC. 49. Section 14043.62 of the Welfare and Institutions Code is amended to read:

14043.62. (a) The department shall deactivate, immediately and without prior notice, the provider's number, including all business addresses used by a provider to obtain reimbursement from the Medi-Cal program when warrants or documents mailed to a provider's mailing address or its pay to address, if any, or its service or business address, are returned by the United States Postal Service as not deliverable or when a provider has not submitted a claim for reimbursement from the Medi-Cal program for one year. Prior to taking this action the department shall use due diligence in attempting to contact the provider at its last known telephone number and ascertain if the return by the United States Postal Service is by mistake or shall use due diligence in attempting to contact the provider by telephone or in writing to ascertain whether the provider wishes to continue to participate in the Medi-Cal program. If deactivation pursuant to this section occurs, the provider shall meet the requirements for reapplication as specified in this article or the regulations adopted thereunder.

(b) For purposes of this section:

(1) "Mailing address" means the address that the provider has identified to the department in its application for enrollment as the address at which it wishes to receive general program correspondence.

(2) "Pay to address" means the address that the provider has identified to the department in its application for enrollment as the address at which it wishes to receive warrants.

(3) "Service or business address" means the address that the provider has identified to the department in its application for enrollment as the

address at which the provider will provide services to program beneficiaries.

SEC. 50. Section 14043.65 of the Welfare and Institutions Code is amended to read:

14043.65. (a) Notwithstanding any other provision of law, any applicant whose application for enrollment as a provider or whose certification is denied; or any provider who is denied continued enrollment or certification, or denied enrollment for a new location, who has been temporarily suspended, who has had payments withheld, who has had one or more business addresses used to obtain reimbursement from the Medi-Cal program deactivated, or whose provisional provider status or preferred provisional provider status has been terminated pursuant to this article or Section 14107.11, or Section 100185.5 of the Health and Safety Code, or who has had a civil penalty imposed pursuant to subdivision (a) of Section 14123.25; or any billing agent, as defined in Section 14040, when the billing agent's registration has been denied pursuant to subdivision (e) of Section 14040.5, may appeal this action by submitting a written appeal, including any supporting evidence, to the director or the director's designee. Where the appeal is of a withholding of payment pursuant to Section 14107.11, the appeal to the director or the director's designee shall be limited to the issue of the reliability of the evidence supporting the withhold and shall not encompass fraud or abuse. The appeal procedure shall not include a formal administrative hearing under the Administrative Procedure Act and shall not result in reactivation of any deactivated provider numbers during appeal. An applicant, provider, or billing agent that files an appeal pursuant to this section shall submit the written appeal along with all pertinent documents and all other relevant evidence to the director or to the director's designee within 60 days of the date of notification of the department's action. The director or the director's designee shall review all of the relevant materials submitted and shall issue a decision within 90 days of the receipt of the appeal. The decision may provide that the action taken should be upheld, continued, or reversed, in whole or in part. The decision of the director or the director's designee shall be final. Any further appeal shall be required to be filed in accordance with Section 1085 of the Code of Civil Procedure.

(b) No applicant whose application for enrollment as a provider has been denied pursuant to Section 14043.2, 14043.36, or 14043.4 may reapply for a period of three years from the date the application is denied. If the provider has appealed the denial, the three-year period shall commence upon the date of final action by the director or the director's designee.

SEC. 51. Section 14043.7 of the Welfare and Institutions Code is amended to read:

14043.7. (a) The department may make unannounced visits to any applicant or to any provider for the purpose of determining whether enrollment, continued enrollment, or certification is warranted, or as necessary for the administration of the Medi-Cal program. At the time of the visit, the applicant or provider shall be required to demonstrate an established place of business appropriate and adequate for the services billed or claimed to the Medi-Cal program, as relevant to his or her scope of practice, as indicated by, but not limited to, the following:

- (1) Being open and available to the general public.
- (2) Having regularly established and posted business hours.
- (3) Having adequate supplies in stock on the premises.
- (4) Meeting all local laws and ordinances regarding business licensing and operations.
- (5) Having the necessary equipment and facilities to carry out day-to-day business for his or her practice.

(b) An unannounced visit pursuant to subdivision (a) shall be prohibited with respect to clinics licensed under Section 1204 of the Health and Safety Code, clinics exempt from licensure under Section 1206 of the Health and Safety Code, health facilities licensed under Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code, and natural persons licensed or certified under Division 2 (commencing with Section 500) of the Business and Professions Code, the Osteopathic Initiative Act, or the Chiropractic Initiative Act, unless the department has reason to believe that the provider will defraud or abuse the Medi-Cal program or lacks the organizational or administrative capacity to provide services under the program.

(c) Failure to remediate significant discrepancies in information provided to the department by the provider or significant discrepancies that are discovered as a result of an announced or unannounced visit to a provider, for purposes of enrollment, continued enrollment, or certification pursuant to subdivision (a) shall make the provider subject to temporary suspension from the Medi-Cal program, which shall include temporary deactivation of the provider's number, including all business addresses used by the provider to obtain reimbursement from the Medi-Cal program. The director shall notify in writing the provider of the temporary suspension and deactivation of provider numbers, which shall take effect 15 days from the date of the notification. Notwithstanding Section 100171 of the Health and Safety Code, proceedings after the imposition of sanctions in this paragraph shall be in accordance with Section 14043.65.

SEC. 52. Section 14087.305 of the Welfare and Institutions Code is amended to read:

14087.305. (a) In areas specified by the director for expansion of the Medi-Cal managed care program under Section 14087.3 and where the department is contracting with a prepaid health plan that is contracting with, governed, owned or operated by a county board of supervisors, a county special commission or county health authority authorized by Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.96, a Medi-Cal or California Work Opportunity and Responsibility for Kids (CalWORKs) applicant or beneficiary shall be informed of the health care options available regarding methods of receiving Medi-Cal benefits. The county shall ensure that each beneficiary is informed of these options and informed that a health care options presentation is available.

(b) The managed care options information described in subdivision (a) shall include the following elements:

(1) Each beneficiary or eligible applicant shall be provided, at a minimum, with the name, address, telephone number, and specialty, if any, of each primary care provider, by specialty, or clinic, participating in each managed care health plan option through a personalized provider directory for that beneficiary or applicant. This information shall be presented under the geographic area designations, by the name of the primary care provider and clinic and shall be updated based on information electronically provided monthly by the health care plans to the department, setting forth any changes in the health care plan's provider network. The geographic areas shall be based on the applicant's residence address, the minor applicant's school address, the applicant's work address, or any other factor deemed appropriate by the department, in consultation with health plan representatives, legislative staff, and consumer stakeholders. In addition, directories of the entire service area of the local initiative and commercial plan provider networks, including, but not limited to, the name, address, and telephone number of each primary care provider and hospital, shall be made available to beneficiaries or applicants who request them from the health care options contractor. Each personalized provider directory shall include information regarding the availability of a directory of the entire service area, provide telephone numbers for the beneficiary to request a directory of the entire service area, and include a postage-paid mail card to send for a directory of the entire service area. The personalized provider directory shall be implemented as a pilot project in Los Angeles County pursuant to this article, and in Sacramento County (Geographic Managed Care Model) pursuant to Article 2.91 (commencing with Section 14089). The content, form, and the geographic areas used in the personalized provider

directories shall be determined by the department, in consultation with a workgroup to include health plan representatives, legislative staff, and consumer stakeholders, with an emphasis on the inclusion of stakeholders from Los Angeles and Sacramento Counties. The personalized provider directories may include a section for each health plan. Prior to implementation of the pilot project, the department, in consultation with consumer stakeholders, legislative staff, and health plans, shall determine the parameters, methodology, and evaluation process of the pilot project. The pilot project shall thereafter be in effect for a minimum of two years. Three months prior to the end of the first two years of the pilot project, the department shall promptly provide the fiscal and policy committees of the Legislature with an evaluation of the personalized provider directory pilot project and its impact on the Medi-Cal managed care program, including whether the pilot project resulted in a reduction of default assignments and a more informed choice process for beneficiaries, and its overall cost-benefit to the state. Following two years of operation as a pilot project in two counties and submission of the evaluation to the Legislature, the department, in consultation with consumer stakeholders, legislative staff, and health plans, shall determine whether to implement personalized provider directories as a permanent program statewide. This determination shall be based on the outcomes set forth in the evaluation provided to the Legislature. If necessary, the pilot project shall continue beyond the initial two-year period until this determination is made. This pilot project shall only be implemented to the extent that it is budget neutral to the department.

(2) Each beneficiary or eligible applicant shall be informed that he or she may choose to continue an established patient-provider relationship in a managed care option, if his or her treating provider is a primary care provider or clinic contracting with any of the prepaid health plan options available and has available capacity and agrees to continue to treat that beneficiary or applicant.

(3) Each beneficiary or eligible applicant shall be informed that if he or she fails to make a choice, he or she shall be assigned to, and enrolled in, a prepaid health plan.

(c) No later than 30 days following the date a Medi-Cal or CalWORKs beneficiary or applicant is determined eligible for Medi-Cal, the beneficiary shall indicate his or her choice, in writing, from among the available prepaid health plans in the region and his or her choice of primary care provider or clinic contracting with the selected prepaid health plan. Notwithstanding the 30-day deadline set forth in this subdivision, if a beneficiary requests a directory for the entire service area within 30 days of receiving an enrollment form, the deadline for

choosing a plan shall be extended an additional 30 days from the date of the request.

(d) At the time the beneficiary or eligible applicant selects a prepaid health plan, the department shall, when applicable, encourage the beneficiary or eligible applicant to also indicate, in writing, his or her choice of primary care provider or clinic contracting with the selected prepaid health plan.

(e) In areas specified by the director for expansion of the Medi-Cal managed care program under Section 14087.3, and where the department is contracting with a prepaid health plan that is contracting with, governed, owned or operated by a county board of supervisors, a county special commission or county health authority authorized by Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.96, a Medi-Cal or CalWORKs beneficiary who does not make a choice of managed care plans, shall be assigned to and enrolled in an appropriate Medi-Cal prepaid health plan providing service within the area in which the beneficiary resides.

(f) If a beneficiary or eligible applicant does not choose a primary care provider or clinic, or does not select any primary care provider who is available, the prepaid health plan that was selected by or assigned to the beneficiary shall ensure that the beneficiary selects a primary care provider or clinic within 30 days after enrollment or is assigned to a primary care provider within 40 days after enrollment.

(g) Any Medi-Cal or CalWORKs beneficiary dissatisfied with the primary care provider or prepaid health plan shall be allowed to select or be assigned to another primary care provider within the same prepaid health plan. In addition, the beneficiary shall be allowed to select or be assigned to another prepaid health plan contracted for pursuant to this article that is in effect for the geographic area in which he or she resides, in accordance with Section 1903(m)(2)(F)(ii) of the Social Security Act.

(h) The department or its contractor shall notify a prepaid health plan when it has been selected by or assigned to a beneficiary. The prepaid health plan that has been selected by or assigned to a beneficiary shall notify the primary care provider that has been selected or assigned. The prepaid health plan shall also notify the beneficiary of the prepaid health plan and primary care provider or clinic selected or assigned.

(i) (1) The managed health care plan shall have a valid Medi-Cal contract, adequate capacity, and appropriate staffing to provide health care services to the beneficiary.

(2) The department shall establish standards for all of the following:

(A) The maximum distances a beneficiary is required to travel to obtain primary care services from the managed care plan, in which the beneficiary is enrolled.

(B) The conditions under which a primary care service site shall be accessible by public transportation.

(C) The conditions under which a managed care plan shall provide nonmedical transportation to a primary care service site.

(3) In developing the standards required by paragraph (2) the department shall take into account, on a geographic basis, the means of transportation used and distances typically traveled by Medi-Cal beneficiaries to obtain fee-for-service primary care services and the experience of managed care plans in delivering services to Medi-Cal enrollees. The department shall also consider the provider's ability to render culturally and linguistically appropriate services.

(j) To the extent possible, the arrangements for carrying out subdivision (e) shall provide for the equitable distribution of Medi-Cal beneficiaries among participating prepaid health plans, or managed care plans.

(k) This section shall be implemented in a manner consistent with any federal waiver required to be obtained by the department in order to implement this section.

SEC. 53. Section 14087.5 of the Welfare and Institutions Code is amended to read:

14087.5. (a) The California Medical Assistance Commission may negotiate exclusive contracts with any county which seeks to provide, or arrange for the provision of the health care services provided under this chapter. The California Medical Assistance Commission shall establish regulations concerning the time for submittal of proposed plans for a contract by a county, and for the time by which the California Medical Assistance Commission shall decide whether or not to accept the county's proposal.

(b) The department shall seek all federal waivers necessary to allow for federal financial participation in expenditures under this article. This article shall not be implemented until all necessary waivers have been approved by the federal government.

(c) (1) Notwithstanding subdivision (a) or any other provision of law, on and after the effective date of the act adding this subdivision, the department shall have exclusive authority to negotiate the rates, terms, and conditions of county organized health systems contracts and contract amendments under this article or under Article 7 (commencing with Section 14490) of Chapter 8. As of that date, all references in this article to the negotiator or the California Medical Assistance Commission shall mean the department.

(2) For contracts executed pursuant to this article, the department shall disclose, upon request, each negotiated contract or contract amendment executed by both parties after July 1, 2007, which shall be

considered public records for the purposes of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), including contracts that reveal the department's rates of payment for health care services, the rates themselves, and rate manuals.

SEC. 54. Section 14088 of the Welfare and Institutions Code is amended to read:

14088. (a) It is the purpose of this article to ensure that the Medi-Cal program shall be operated in the most cost-effective and efficient manner possible with the optimum number of Medi-Cal providers and shall assure quality of care and known access to services.

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

(1) "Primary care provider" means either of the following:

(A) Any internist, general practitioner, obstetrician/gynecologist, pediatrician or family practice physician or any primary care clinic, rural health clinic, community clinic or hospital outpatient clinic currently enrolled in the Medi-Cal program, which agrees to provide case management to Medi-Cal beneficiaries.

(B) A county or other political subdivision that employs, operates, or contracts with, any of the primary care providers listed in subparagraph (A), and that agrees to use that primary care provider for the purposes of contracting under this article.

(2) "Primary care case management" means responsibility for the provision of referral, consultation, ordering of therapy, admission to hospitals, follow up care, and prepayment approval of referred services.

(3) "Designation form" or "form" means a form supplied by the department to be executed by a Medi-Cal beneficiary and a primary care provider or other entity eligible pursuant to this article who has entered into a contract with the department pursuant to this article, setting forth the beneficiary's choice of contractor and an agreement to be limited by the case management decisions of that contractor and the contractor's agreement to be responsible for that beneficiary's case management and medical care, as specified in this article.

(4) "Emergency services" means health care services rendered by an eligible Medi-Cal provider to a Medi-Cal beneficiary for those health services required for alleviation of severe pain or immediate diagnosis and treatment of unforeseen medical conditions which if not immediately diagnosed and treated could lead to disability or death.

(5) "Modified primary care case management" means primary care case management wherein capitated services are limited to primary care physician office visits only.

(6) "Service area" means an area designated by either a single federal Postal ZIP Code or by two or more Postal ZIP Codes that are contiguous.

SEC. 55. Section 14088.14 of the Welfare and Institutions Code is amended to read:

14088.14. The department may enter into contracts pursuant to this article with nurse practitioners, acting within the scope of practice of a nurse practitioner, certified nurse midwives, acting within the scope of practice of a certified nurse midwife, and, for the purpose of providing services to populations with special medical problems, with any physician who has specialized in an area of medicine relevant to the special population to be served and who is currently enrolled in the Medi-Cal program.

SEC. 56. Section 14088.25 of the Welfare and Institutions Code is amended to read:

14088.25. (a) The department may conduct onsite reviews of a provider or facility that has agreed with the primary care case management contractor or a potential contractor to provide services to beneficiaries enrolled with the contractor. These reviews may be for purposes such as evaluating the capabilities of potential contractors, monitoring quality of care, investigating complaints, and ensuring contractor compliance with the terms of the contract entered into pursuant to this article.

(b) Prior to adding a provider or facility to an existing network of providers and facilities, the primary care case management contractor shall submit a complete prequalification package to the department. The department shall provide to the contractor written acknowledgment that the package is complete within 10 working days.

(c) (1) If the provider or facility proposed for addition to the contractor's existing network is currently enrolled in the Medi-Cal program, the provider or facility may begin treating beneficiaries enrolled with the contractor immediately upon the contractor's receipt of the acknowledgment required by subdivision (b), subject to paragraph (2) and subdivision (d).

(2) Whenever warranted, the department may rescind the privilege provided for in paragraph (1) by advance notification to the contractor, pending the onsite review required by subdivision (d). Notification shall be in writing and describe the conditions that support the rescission of the privilege.

(d) (1) The department shall conduct an onsite review of the provider or facility within a reasonable period of time after receipt of the package, which shall be not more than 60 days after receipt of the package, unless there are extenuating circumstances.

(2) The department shall notify the contractor in writing of the department's final decision on the request to add the provider or facility to the contractor's existing network within 10 working days of the date of the review.

(e) In the conduct of the onsite review of the provider or facility, the department shall not condition approval of the site on adherence by the provider or facility to requirements that are not contained in any statute, regulation, or commonly accepted community standard of medical practice that directly applies to the category of provider or facility being inspected. This subdivision does not, however, relieve the contractor of any obligations under the contract entered into pursuant to this article.

SEC. 57. Section 14089 of the Welfare and Institutions Code is amended to read:

14089. (a) The purpose of this article is to provide a comprehensive program of managed health care plan services to Medi-Cal recipients residing in clearly defined geographical areas. It is, further, the purpose of this article to create maximum accessibility to health care services by permitting Medi-Cal recipients the option of choosing from among two or more managed health care plans or fee-for-service managed care arrangements, including, but not limited to, health maintenance organizations, prepaid health plans, primary care case management plans. Independent practice associations, health insurance carriers, private foundations, and university medical centers systems, not-for-profit clinics, and other primary care providers, may be offered as choices to Medi-Cal recipients under this article if they are organized and operated as managed care plans, for the provision of preventive managed health care plan services.

(b) The negotiator may seek proposals and then shall contract based on relative costs, extent of coverage offered, quality of health services to be provided, financial stability of the health care plan or carrier, recipient access to services, cost-containment strategies, peer and community participation in quality control, emphasis on preventive and managed health care services and the ability of the health plan to meet all requirements for both of the following:

(1) Certification, where legally required, by the Director of the Department of Managed Health Care and the Insurance Commissioner.

(2) Compliance with all of the following:

(A) The health plan shall satisfy all applicable state and federal legal requirements for participation as a Medi-Cal managed care contractor.

(B) The health plan shall meet any standards established by the department for the implementation of this article.

(C) The health plan receives the approval of the department to participate in the pilot project under this article.

(c) (1) (A) The proposals shall be for the provision of preventive and managed health care services to specified eligible populations on a capitated, prepaid or postpayment basis.

(B) Enrollment in a Medi-Cal managed health care plan under this article shall be voluntary for beneficiaries eligible for the federal Supplemental Security Income for the Aged, Blind, and Disabled Program (Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code).

(2) The cost of each program established under this section shall not exceed the total amount which the department estimates it would pay for all services and requirements within the same geographic area under the fee-for-service Medi-Cal program.

(d) The department shall enter into contracts pursuant to this article, and shall be bound by the rates, terms, and conditions negotiated by the negotiator.

(e) (1) An eligible beneficiary shall be entitled to enroll in any health care plan contracted for pursuant to this article that is in effect for the geographic area in which he or she resides. The department shall make available to recipients information summarizing the benefits and limitations of each health care plan available pursuant to this section in the geographic area in which the recipient resides. A Medi-Cal or CalWORKs applicant or beneficiary shall be informed of the health care options available regarding methods of receiving Medi-Cal benefits. The county shall ensure that each beneficiary is informed of these options and informed that a health care options presentation is available.

(2) No later than 30 days following the date a Medi-Cal or CalWORKs recipient is informed of the health care options described in paragraph (1), the recipient shall indicate his or her choice in writing of one of the available health care plans and his or her choice of primary care provider or clinic contracting with the selected health care plan. Notwithstanding the 30-day deadline set forth in this paragraph, if a beneficiary requests a directory for the entire service area within 30 days of the date of receiving an enrollment form, the deadline for choosing a plan shall be extended an additional 30 days from the date of that request.

(3) The health care options information described in this subdivision shall include the following elements:

(A) Each beneficiary or eligible applicant shall be provided, at a minimum, with the name, address, telephone number, and specialty, if any, of each primary care provider, by specialty or clinic participating in each managed health care plan option through a personalized provider directory for that beneficiary or applicant. This information shall be presented under the geographic area designations by the name of the primary care provider and clinic, and shall be updated based on

information electronically provided monthly by the health care plans to the department, setting forth any changes in the health care plan provider network. The geographic areas shall be based on the applicant's residence address, the minor applicant's school address, the applicant's work address, or any other factor deemed appropriate by the department, in consultation with health plan representatives, legislative staff, and consumer stakeholders. In addition, directories of the entire service area, including, but not limited to, the name, address, and telephone number of each primary care provider and hospital, of all Geographic Managed Care health plan provider networks shall be made available to beneficiaries or applicants who request them from the health care options contractor. Each personalized provider directory shall include information regarding the availability of a directory of the entire service area, provide telephone numbers for the beneficiary to request a directory of the entire service area, and include a postage-paid mail card to send for a directory of the entire service area. The personalized provider directory shall be implemented as a pilot project in Sacramento County pursuant to this article, and in Los Angeles County (Two-Plan Model) pursuant to Article 2.7 (commencing with Section 14087.305). The content, form, and geographic areas used shall be determined by the department in consultation with a workgroup to include health plan representatives, legislative staff, and consumer stakeholders, with an emphasis on the inclusion of stakeholders from Los Angeles and Sacramento Counties. The personalized provider directories may include a section for each health plan. Prior to implementation of the pilot project, the department, in consultation with consumer stakeholders, legislative staff, and health plans, shall determine the parameters, methodology, and evaluation process of the pilot project. The pilot project shall thereafter be in effect for a minimum of two years. Three months prior to the end of the first two years of the pilot project, the department shall promptly provide the fiscal and policy committees of the Legislature with an evaluation of the personalized provider directory pilot project and its impact on the Medi-Cal managed care program, including whether the pilot project resulted in a reduction of default assignments and a more informed choice process for beneficiaries, and its overall cost-benefit to the state. Following two years of operation as a pilot project in two counties and submission of the evaluation to the Legislature, the department, in consultation with consumer stakeholders, legislative staff, and health plans, shall determine whether to implement personalized provider directories as a permanent program statewide. This determination shall be based on the outcomes set forth in the evaluation provided to the Legislature. If necessary, the pilot project shall continue beyond the initial two-year period until this determination is made. This pilot project

shall only be implemented to the extent that it is budget neutral to the department.

(B) Each beneficiary or eligible applicant shall be informed that he or she may choose to continue an established patient-provider relationship in a managed care option, if his or her treating provider is a primary care provider or clinic contracting with any of the health plans available and has the available capacity and agrees to continue to treat that beneficiary or eligible applicant.

(C) Each beneficiary or eligible applicant shall be informed that if he or she fails to make a choice, he or she shall be assigned to, and enrolled in, a health care plan.

(4) At the time the beneficiary or eligible applicant selects a health care plan, the department shall, when applicable, encourage the beneficiary or eligible applicant to also indicate, in writing, his or her choice of primary care provider or clinic contracting with the selected health care plan.

(5) Commencing with the implementation of a geographic managed care project in a designated county, a Medi-Cal or CalWORKs beneficiary who does not make a choice of health care plans in accordance with paragraph (2), shall be assigned to and enrolled in an appropriate health care plan providing service within the area in which the beneficiary resides.

(6) If a beneficiary or eligible applicant does not choose a primary care provider or clinic, or does not select any primary care provider who is available, the health care plan selected by or assigned to the beneficiary shall ensure that the beneficiary selects a primary care provider or clinic within 30 days after enrollment or is assigned to a primary care provider within 40 days after enrollment.

(7) Any Medi-Cal or CalWORKs beneficiary dissatisfied with the primary care provider or health care plan shall be allowed to select or be assigned to another primary care provider within the same health care plan. In addition, the beneficiary shall be allowed to select or be assigned to another health care plan contracted for pursuant to this article that is in effect for the geographic area in which he or she resides in accordance with Section 1903(m)(2)(F)(ii) of the Social Security Act.

(8) The department or its contractor shall notify a health care plan when it has been selected by or assigned to a beneficiary. The health care plan that has been selected or assigned by a beneficiary shall notify the primary care provider that has been selected or assigned. The health care plan shall also notify the beneficiary of the health care plan and primary care provider selected or assigned.

(9) This section shall be implemented in a manner consistent with any federal waiver that is required to be obtained by the department to implement this section.

(f) A participating county may include within the plan or plans providing coverage pursuant to this section, employees of county government, and others who reside in the geographic area and who depend upon county funds for all or part of their health care costs.

(g) The negotiator and the department shall establish pilot projects to test the cost-effectiveness of delivering benefits as defined in subdivisions (a) to (f), inclusive.

(h) The California Medical Assistance Commission shall evaluate the cost-effectiveness of these pilot projects after one year of implementation. Pursuant to this evaluation the commission may either terminate or retain the existing pilot projects.

(i) Funds may be provided to prospective contractors to assist in the design, development, and installation of appropriate programs. The award of these funds shall be based on criteria established by the department.

(j) In implementing this article, the department may enter into contracts for the provision of essential administrative and other services. Contracts entered into under this subdivision may be on a noncompetitive bid basis and shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code.

SEC. 60. Section 14091.21 of the Welfare and Institutions Code is amended to read:

14091.21. (a) Nursing facility services necessary for the treatment of illness or injury are covered subject to the provisions of this section:

(b) Nursing facility services are covered only after prior authorization has been obtained from the designated Medi-Cal consultant for the field office area in which the nursing facility is located. The authorization request shall be initiated by the facility and shall be signed by the attending physician. Nursing facility services may be authorized either for a distinct-part nursing facility (a facility that is a distinct part of an acute care hospital), or for a freestanding nursing facility (a facility that is not part of an acute care hospital).

(1) Distinct-part nursing facility care at the distinct-part nursing facility reimbursement rate for any Medi-Cal patient determined to need long-term nursing care shall be authorized when any one of the following conditions is met:

(A) There is no freestanding nursing facility within 15 miles, which shall be defined as 30 minutes at 30 miles per hour, from the established residential address of that patient prior to admission to nursing care and the distinct-part nursing facility is within a shorter actual travel time

than the closest freestanding nursing facility able and willing to admit the patient.

(B) There is a freestanding nursing facility within 15 miles, as defined in subparagraph (A) from the established residential address of the patient before admission to nursing care, but after reasonable placement efforts, no such facility is able and willing to accept the patient, and the distinct-part nursing facility is within a shorter travel time than the closest freestanding nursing facility able and willing to admit the patient, within the 25-day placement period.

(C) There is no freestanding nursing facility within 30 minutes actual travel time from the established residential address of the immediate family member, such as the spouse, parent, child, or sibling of the patient, who certifies that he or she is the family member who will be most frequently visiting and helping with the personal needs of the patient, or if there is such a freestanding nursing facility, there is none able and willing, after reasonable placement efforts, to accept the patient, and the distinct-part nursing facility is within a shorter travel time than the closest freestanding nursing facility. In this case, the distinct-part nursing facility shall submit with the treatment authorization request a signed statement from the immediate family member certifying that he or she is the person who will be most frequently visiting and seeing to the personal needs of the patient. The signed statement of the family member shall contain an explanation of the relationship to the patient, the residential address used in calculating the distance to the distinct-part nursing facility, and the mode of transportation to be used. A copy of this certification shall be kept in the patient's file at the distinct-part nursing facility.

(D) The immediate family member who will be most frequently visiting and seeing to the personal needs of the patient cannot, because of established health reasons, travel to a freestanding nursing facility that is able and willing to admit the patient and that is within 30 minutes actual travel time, but he or she is able to travel to the distinct-part nursing facility. The certification so stating, and signed by that family member, shall be submitted with the treatment authorization request. A copy of this certification shall be kept in the patient's file at the distinct-part nursing facility.

(E) The patient has a spouse residing in the same distinct-part nursing facility.

(F) The patient is currently, as of the time approval is sought, residing in the distinct-part nursing facility and has been continuously residing in that facility for at least 120 consecutive days, and payment has been made or approved during the 120 consecutive days by Medicare, other health insurance, or by Medi-Cal at a distinct-part nursing facility rate. For patients who have met this requirement and are later hospitalized,

a treatment authorization request at the distinct-part nursing facility rate shall be reinstated if the patient returns to the same distinct-part nursing facility during the seven-day bed-hold period specified in Section 1599.79 of the Health and Safety Code. Otherwise, to reside in a distinct-part nursing facility, the patient shall meet one of the conditions set forth unless the patient's attending physician documents in the medical record that discharge to a freestanding nursing facility would cause physical or psychological harm to the patient.

(2) "Actual travel time" means the amount of time it would usually take the immediate family member to travel between two specific points by means of whatever transport would be available to him or her, taking into account actual road and weather conditions.

(3) "Reasonable placement efforts" means that during the 25-day time period beginning with the date that approval for the Medi-Cal distinct-part nursing facility rate is first sought, the facility shall do all of the following:

(A) Contact on a daily basis, not including Saturdays, Sundays, or holidays, Medi-Cal-certified freestanding nursing facilities within the applicable mileage or travel time, to determine whether each such freestanding nursing facility is able and willing to admit the patient. In meeting this requirement, facilities shall contact only those freestanding nursing facilities that they, in good faith, believe may be able and willing to admit this patient, taking into account previous contacts. Further attempts at placement calls will be waived by the department. Freestanding nursing facilities within the applicable mileage or travel time are those within the appropriate travel time plus any freestanding nursing facility within a shorter actual travel time than the distinct-part nursing facility from the appropriate residential address such as the patient's or the immediate family member's.

(B) Document that the facility contacted a person responsible for admission decisions during each required contact, the date and time of each contact with a freestanding nursing facility, the name and title of each person contacted, the reason given for the freestanding nursing facility not being able or willing to admit the patient on the day contacted, and the date, if any, when the freestanding nursing facility would be able and willing to accept the patient. Contacts may be made by telephone or facsimile transmission.

(C) Submit the documentation specified in subparagraph (B) to the Medi-Cal field office at the conclusion of the 25-day placement effort period.

(4) Upon submission of documentation that reasonable placement efforts requirement were met, the distinct-part nursing facility rate or acute administrative days shall be approved as follows:

(A) Hospitals seeking to place a patient into their own distinct-part nursing facilities shall be approved for acute administrative days for a patient determined to need long-term nursing facility care, who remains in an acute care bed during the placement period. If a contacted freestanding nursing facility was able and willing to admit the patient during the 25-day period, the hospital's treatment authorization request shall be subsequently authorized for approval of acute administrative days until the date that the freestanding nursing facility is able to accept the patient.

At the completion of the reasonable placement effort period, if no freestanding nursing facility is able and willing to take the patient, the hospital's treatment authorization request shall be authorized for approval for acute administrative days for days of care during the reasonable placement period. The hospital, in order to comply with this subparagraph, shall complete the 25-day placement period if there is a freestanding nursing facility within the applicable mileage or travel time willing to take the patient, but due to occupancy, is unable to accept transfer on the days it was contacted. If, however, there is a freestanding nursing facility within the applicable mileage or travel time, but the freestanding nursing facility is not able or willing to admit the patient at the time of the placement effort or in the future, the length of placement time required shall vary and may be shorter than 25 days. If documentation establishes that no freestanding nursing facility within the applicable mileage or travel time, is, or will ever be, able or willing to admit the patient, further placement efforts shall not be required. The distinct-part nursing facility rate of reimbursement shall be approved upon the patient's admission to the distinct-part nursing facility if reasonable placement efforts requirement has been met and no freestanding nursing facility within the applicable mileage or travel time standard was able and willing to accept the patient.

(B) When a patient is either admitted to a distinct-part nursing facility from an acute hospital, nonacute facility, or community setting, or was a distinct-part nursing facility resident whose care has been, but is no longer being, paid by another payment source, a treatment authorization request shall be approved at the distinct-part nursing facility rate for a patient who has been admitted and determined to need long-term nursing facility placement when the reasonable placement efforts requirement has been met. If a contacted freestanding nursing facility is able and willing to admit the patient during the 25-day period, the distinct-part nursing facility treatment authorization request shall be subsequently authorized for approval at the distinct-part nursing facility rate until the date that the freestanding nursing facility is able to accept the patient. If the basis on which the final distinct-part nursing facility approval is

sought is the lack of any freestanding nursing facility able and willing to take the patient after reasonable placement efforts, this approval shall not be given until after the completion of the reasonable placement period, but may be given for days of care during that period. The criteria for shortening the reasonable placement period to less than 25 days shall apply. Notwithstanding the general requirement that skilled nursing care must receive prior authorization, when a distinct-part nursing facility admits a patient during the time it is making reasonable placement efforts, authorization of the distinct-part nursing facility rate may be given postadmission.

However, no days of care shall be authorized for any period prior to the receipt of the treatment authorization request from the facility, unless retroactive authorization may be given.

(C) When a patient spends some of the placement period in the hospital and some of that time in a distinct-part nursing facility, acute administrative days shall be authorized for the hospital days and the distinct-part nursing facility rate for the distinct-part nursing facility days, subject to the provisions of this paragraph.

(5) Reasonable placement efforts, as defined in paragraph (3), shall be conducted for all patients in need of long-term nursing care who are seeking admission to a distinct-part nursing facility pursuant to paragraph (1) of subdivision (a) of Section 51335 of Title 22 of the California Code of Regulations. Patients requiring nursing care for postsurgical rehabilitative or therapy services shall not be subject to the reasonable placement efforts required for admission to a distinct-part nursing facility but they shall be subject to all other Medi-Cal criteria for these admissions. A patient, who is a resident of a distinct-part nursing facility and who has been hospitalized for more than the seven-day bed-hold period, may be readmitted to the distinct-part nursing facility without meeting the reasonable placement efforts requirement for admission, if the attending physician documents that discharge to a freestanding nursing facility will result in physical or psychological harm.

(6) If a distinct-part nursing facility desires of its own volition to admit a patient needing nursing care at the freestanding nursing facility rate, the department shall approve a treatment authorization request submitted for approval at that rate. Distinct-part nursing facilities shall be enrolled in the Medi-Cal program as a freestanding nursing facility provider for that purpose, in addition to being otherwise enrolled in the Medi-Cal program. A distinct-part nursing facility objecting to the freestanding nursing facility rate in any other circumstance, such as when it has not accepted the rate of its own volition, shall not be deemed to have waived its rights to administrative appeal and further review.

(7) With respect to acute care hospitals that are licensed for distinct-part nursing beds, and determined by the State Department of Health Services to provide special services to a unique population, the department shall enact and enforce no regulation, field office instruction, or preadmission screening criteria that restricts a Medi-Cal beneficiary's freedom to seek admission to a nursing facility or unit that is a distinct part of an acute care hospital on terms or conditions different from those governing admission to a long-term care facility.

(c) The department may waive the requirements of this section if it can be demonstrated that both of the following apply:

- (1) Access to care is compromised for a specific patient population.
- (2) The facility can demonstrate an increase in acute administrative days that are attributable to unsuccessful placement efforts.

SEC. 61. Section 14100.95 of the Welfare and Institutions Code is amended to read:

14100.95. (a) The department shall enter into demonstration contracts with manufacturers of medical supplies for four items of its own selection of medical supplies existing on the pharmacy claims processing system, for the purpose of establishing rebates or other cost-saving mechanisms and demonstrating cost savings in the purchase of these medical supplies. The department shall maintain a list of the supplies for which contracts have been executed.

(b) Nothing in this section shall prevent a small retail business from continuing to supply medical supplies for use by Medi-Cal beneficiaries.

(c) In establishing these demonstration contracts, the department shall preserve reasonable access to these supplies by beneficiaries. To ensure that the health needs of Medi-Cal beneficiaries are met, the department shall evaluate products and execute contracts pursuant to subdivision (c) of Section 14105.47.

(d) The department shall report the outcomes of these demonstration contracts to the Legislature no later than January 1, 2009.

SEC. 62. Section 14105.2 of the Welfare and Institutions Code is amended to read:

14105.2. (a) The allowable markup payable for the dispensing of medical supplies by assistive device and sickroom supply dealers and pharmacies shall not exceed 23 percent of the estimated acquisition cost of the item dispensed, as defined by the department.

(b) Payment for diabetic testing supplies shall not exceed the estimated acquisition cost of the item dispensed, as defined by the department, plus a fee equal to the maximum professional fee component used in the payment for legend generic drug types.

(c) In determining the estimated acquisition costs of products pursuant to this section, the department shall consider provider related costs of

the product that include, but are not limited to, shipping, handling, storage, and delivery.

SEC. 63. Section 14105.3 of the Welfare and Institutions Code is amended to read:

14105.3. (a) The department is considered to be the purchaser, but not the dispenser or distributor, of prescribed drugs under the Medi-Cal program for the purpose of enabling the department to obtain from manufacturers of prescribed drugs the most favorable price for those drugs furnished by one or more manufacturers, based upon the large quantity of the drugs purchased under the Medi-Cal program, and to enable the department, notwithstanding any other provision of state law, to obtain from the manufacturers discounts, rebates, or refunds based on the quantities purchased under the program, insofar as may be permissible under federal law. Nothing in this section shall interfere with usual and customary distribution practices in the drug industry.

(b) The department may enter into exclusive or nonexclusive contracts on a bid or negotiated basis with manufacturers, distributors, dispensers, or suppliers of appliances, durable medical equipment, medical supplies, and other product-type health care services and with laboratories for clinical laboratory services for the purpose of obtaining the most favorable prices to the state and to assure adequate quality of the product or service. This subdivision shall not apply to pharmacies licensed pursuant to Section 4080 of the Business and Professions Code.

(c) Notwithstanding subdivision (b), the department may not enter into a contract with a clinical laboratory unless the clinical laboratory operates in conformity with Chapter 3 (commencing with Section 1200) of Division 2 of the Business and Professions Code and the regulations adopted thereunder, and Section 263a of Title 42 of the United States Code and the regulations adopted thereunder.

(d) The department shall contract with manufacturers of single-source drugs on a negotiated basis, and with manufacturers of multisource drugs on a bid or negotiated basis.

(e) In order to ensure and improve access by Medi-Cal beneficiaries to both hearing aid appliances and provider services, and to ensure that the state obtains the most favorable prices, the department, by June 30, 2008, shall enter into exclusive or nonexclusive contracts, on a bid or negotiated basis, for purchasing hearing aid appliances.

(f) In carrying out contracting activity for this or any section associated with the Medi-Cal list of contract drugs, notwithstanding Section 19130 of the Government Code, the department may contract, either directly or through the fiscal intermediary, for pharmacy consultant staff necessary to accomplish the contracting process or treatment authorization request reviews. The fiscal intermediary contract, including

any contract amendment, system change pursuant to a change order, and project or systems development notice shall be exempt from Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, Chapter 7 (commencing with Section 11700) of Part 1 of Division 3 of Title 2 of the Government Code, and any policies, procedures, or regulations authorized by these provisions.

(g) In order to achieve maximum cost savings the Legislature hereby determines that an expedited contract process for contracts under this section is necessary. Therefore contracts under this section shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code.

(h) For purposes of implementing the contracting provisions specified in this section, the department shall do all of the following:

(1) Ensure adequate access for Medi-Cal patients to quality laboratory testing services in the geographic regions of the state where contracting occurs.

(2) Consult with the statewide association of clinical laboratories and other appropriate stakeholders on the implementation of the contracting provisions specified in this section to ensure maximum access for Medi-Cal patients consistent with the savings targets projected by the 2002–03 Budget Conference Committee for clinical laboratory services provided under the Medi-Cal program.

(3) Consider which types of laboratories are appropriate for implementing the contracting provisions specified in this section, including independent laboratories, outreach laboratory programs of hospital based laboratories, clinic laboratories, physician office laboratories, and group practice laboratories.

SEC. 64. Section 14105.45 of the Welfare and Institutions Code is amended to read:

14105.45. (a) For purposes of this section, the following definitions shall apply:

(1) “Average manufacturers price” means the price reported to the department by the Centers for Medicare and Medicaid Services pursuant to Section 1927 of the Social Security Act (42 U.S.C. Sec. 1396r-8). In the event an average manufacturer’s price is not available, the department shall use the direct price as the average manufacturer’s price.

(2) “Average wholesale price” means the price for a drug product listed in the department’s primary price reference source.

(3) “Direct price” means the price for a drug product purchased by a pharmacy directly from a drug manufacturer listed in the department’s primary reference source.

(4) “Estimated acquisition cost” means the department’s best estimate of the price generally and currently paid by providers for a drug product

sold by a particular manufacturer or principal labeler in a standard package.

(5) "Federal upper limit" means the maximum per unit reimbursement when established by the Centers for Medicare and Medicaid Services and published by the department in Medi-Cal pharmacy provider bulletins and manuals.

(6) "Generically equivalent drugs" means drug products with the same active chemical ingredients of the same strength, quantity, and dosage form, and of the same generic drug name, as determined by the United States Adopted Names (USAN) and accepted by the federal Food and Drug Administration (FDA), as those drug products having the same chemical ingredients.

(7) "Legend drug" means any drug whose labeling states "Caution: Federal law prohibits dispensing without prescription," "Rx only," or words of similar import.

(8) "Maximum allowable ingredient cost" (MAIC) means the maximum amount the department will reimburse Medi-Cal pharmacy providers for generically equivalent drugs.

(9) "Innovator multiple source drug," "noninnovator multiple source drug," and "single source drug" have the same meaning as those terms are defined in Section 1396r-8(k)(7) of Title 42 of the United States Code.

(10) "Nonlegend drug" means any drug whose labeling does not contain the statement referenced in paragraph (7).

(11) "Selling price" means the price used in the establishment of the estimated acquisition cost. The department shall base the selling price on the average manufacturer's price plus a percent markup determined by the department to be necessary for the selling price to represent the average purchase price paid by retail pharmacies in California. The selling price shall not be considered confidential and shall be subject to disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(b) (1) Reimbursement to Medi-Cal pharmacy providers for legend and nonlegend drugs shall consist of the estimated acquisition cost of the drug plus a professional fee for dispensing. The professional fee shall be seven dollars and twenty-five cents (\$7.25) per dispensed prescription. The professional fee for legend drugs dispensed to a beneficiary residing in a skilled nursing facility or intermediate care facility shall be eight dollars (\$8) per dispensed prescription. For purposes of this paragraph "skilled nursing facility" and "intermediate care facility" shall have the same meaning as defined in Division 5 (commencing with Section 70001) of Title 22 of the California Code of Regulations.

(2) The department shall establish the estimated acquisition cost of legend and nonlegend drugs as follows:

(A) For single source and innovator multiple source drugs, the estimated acquisition cost shall be equal to the lowest of the average wholesale price minus 17 percent, the selling price, the federal upper limit, or the MAIC.

(B) For noninnovator multiple source drugs, the estimated acquisition cost shall be equal to the lowest of the average wholesale price minus 17 percent, the selling price, the federal upper limit, or the MAIC.

(3) For purposes of paragraph (2), the department shall establish a list of MAICs for generically equivalent drugs, which shall be published in pharmacy provider bulletins and manuals. The department shall update the list of MAICs and establish additional MAICs in accordance with all of the following:

(A) The department shall base the MAIC on the mean of the average manufacturer's price of drugs generically equivalent to the particular innovator drug plus a percent markup determined by the department to be necessary for the MAIC to represent the average purchase price paid by retail pharmacies in California.

(B) The department shall update MAICs at least every three months and notify Medi-Cal providers at least 30 days prior to the effective date of a MAIC.

(c) The department shall update the Medi-Cal claims processing system to reflect the selling price of drugs not later than 30 days after receiving the average manufacturer's price.

(d) In order to maintain beneficiary access to prescription drug services, no later than 30 days after the department initially implements selling price as a component of estimated acquisition cost, pursuant to paragraph (2) of subdivision (b), the department shall make a one-time adjustment to the dispensing fees paid to pharmacy providers in accordance with paragraph (1) of subdivision (b). This change shall only be made if selling price results in a lower aggregate drug reimbursement. Any increase in dispensing fee made pursuant to this subdivision shall not exceed the aggregate savings associated with the implementation of selling price. At least 30-days prior to implementing the dispensing fee increase, the department shall issue a copy of the department's request for federal approval pursuant to subdivision (e), to the chairperson in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.

(e) The director shall implement this section in a manner that is consistent with federal Medicaid law and regulations. The director shall

seek any necessary federal approvals for the implementation of this section. This section shall be implemented only to the extent that federal approval is obtained.

(f) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may take the actions specified in this section by means of a provider bulletin or notice, policy letter, or other similar instructions, without taking regulatory action.

(g) The department shall issue a Medi-Cal pharmacy reimbursement fact sheet to the chairperson of the committee in each house of the Legislature that considers appropriations no later than March 1, 2008. The reimbursement fact sheet shall contain, but not be limited to, available data and information regarding the change in reimbursement due to the federal Deficit Reduction Act of 2005 implementation of average manufacturer's price based federal upper limits, the implementation of selling price, change in the average wholesale price reported to the department by the primary price reference source, change in pharmacy dispensing fees, prescription drug volume trends, and the number of active Medi-Cal pharmacy providers. The fact sheet shall also contain general information and definitions regarding drug pricing terminology and a description of pharmacy claims processing in Medi-Cal.

SEC. 65. Section 14105.47 of the Welfare and Institutions Code is amended to read:

14105.47. (a) (1) The department shall establish a list of medical supplies. The list shall specify utilization controls to be applied to each medical supply product.

(2) The utilization controls specified shall include, but not be limited to, those provided by regulation of the department.

(3) The department shall notify providers at least 30 days prior to the effective date of a change in utilization controls.

(b) (1) The department shall establish a list of maximum allowable product costs (MAPCS) for medical supplies, which shall be published in provider bulletins.

(2) The department shall update existing MAPCS and establish additional MAPCS in accordance with all of the following:

(A) In establishing the MAPCS, the director shall assure that eligible persons shall receive medical supply products that are available to the public generally, without discrimination or segregation based purely on economic disability.

(B) All related medical supply products within each particular medical supply type available for retail distribution shall be reviewed by the department in consultation with representatives from the California

Association of Medical Product Suppliers and the California Pharmacists Association.

(C) The department shall base MAPCS on the mean of the wholesale selling price of related medical supply products that are available in California. For purposes of this section, "wholesale selling price" means the price, including discounts and rebates, paid by a provider to a wholesaler, distributor, or manufacturer for a medical supply product.

(D) In establishing the MAPCS, the department shall consider the provider related costs of the product that include, but are not limited to, shipping, handling, storage, and delivery.

(E) The department shall notify Medi-Cal providers at least 30 days prior to the effective date of MAPCS.

(c) (1) In establishing the list of medical supplies, the department may enter into exclusive or nonexclusive contracts on a bid or negotiated basis with manufacturers, distributors, dispensers, or suppliers of medical supplies pursuant to Sections 14100.95 and 14105.3.

(2) To ensure that the health needs of Medi-Cal beneficiaries are met, the department shall, when evaluating a decision to execute a contract, and when evaluating medical supplies for retention on, addition to, or deletion from, the list of medical supplies, consider all of the following criteria:

- (A) The safety of the product.
- (B) The effectiveness of the product.
- (C) The essential need for the product.
- (D) The potential for misuse of the product.
- (E) The immediate or long-term cost effectiveness of the product.

(3) The deficiency of a product when measured by one of the criteria specified in paragraph (2) may be sufficient to support a decision that the product should be deleted from, should not be added to, or should not be retained on, the list of medical supplies. However, the superiority of a product under one criterion may be sufficient to warrant the addition or retention of the product, notwithstanding a deficiency in another criterion.

(4) In the evaluation of the effectiveness of a product, the department may require the manufacturer, distributor, dispenser, or supplier to submit its products to testing by an independent laboratory. For the purposes of this section, "independent laboratory" means an analytical laboratory that is not a subsidiary of, affiliated with, or on retainer for, the manufacturer, distributor, dispenser, or supplier. The department shall only utilize this paragraph involving products where there is a demonstrated experience of a significant variation in performance among the products subject to this particular contracting process.

(d) Notwithstanding the provisions of 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.

SEC. 66. Section 14105.475 is added to the Welfare and Institutions Code, to read:

14105.475. (a) In maintaining the lists of medical supplies, incontinence medical supplies, and enteral nutrition products, the department may perform a review of, and contract for, various products in a specific product category.

(b) The department shall notify each manufacturer of products in the categories selected pursuant to Sections 14100.95, 14105.47, 14105.8, and Sections 14125 to 14125.9, inclusive.

(c) If, within 30 days of notification, a manufacturer does not enter into negotiations for a contract pursuant to those sections, the department may delete the products from their respective lists, or refuse to consider for addition, products of that manufacturer in the selected product categories.

(d) If, after 270 days from the initial notification, a contract is not executed for a product currently on the list of medical supplies, incontinence medical supplies, or enteral nutrition products, the department may delete the product from its respective list.

(e) If, within 270 days from the initial notification, a contract is executed for a product currently on the list of medical supplies, incontinence medical supplies, or enteral nutrition products, the department shall retain the product on its respective list.

(f) If, within 270 days from the date of the initial notification, a contract is executed for a product not currently on the list of medical supplies, incontinence medical supplies, or enteral nutrition products, the department shall add the product to its respective list.

(g) The department shall terminate all negotiations 270 days after the initial notification.

(h) The department may delete any product from its respective list at the expiration of the contract term or when the contract between the department and the manufacturer of that product is terminated.

(i) In the absence of a contract, the department may deem any product on the list of medical supplies, incontinence medical supplies, or enteral nutrition products, a nonbenefit of the program and delete that product from its respective list.

(j) Deletions made to the lists of medical supplies, incontinence supplies, and enteral nutrition products, shall become effective no sooner than 30 days after publication of the changes in provider bulletins.

(k) (1) A manufacturer of a medical supply, incontinence supply, or enteral nutrition product denied a contract pursuant to this section, or pursuant to Sections 14100.95, 14105.47, 14105.8, and Sections 14125 to 14125.9, inclusive, may file an appeal of that decision with the director within 30 calendar days of the department's written decision.

(2) The director shall issue a final decision on the appeal within 60 calendar days of the postmark date of the appeal.

(l) The department shall provide individual notice to Medi-Cal beneficiaries at least 60 calendar days prior to the effective date of the deletion or suspension of any product pursuant to this subdivision. The notice shall include a description of the beneficiary's right to a fair hearing and shall encourage the beneficiary to consult a physician to determine if an appropriate substitute product is available from Medi-Cal.

SEC. 67. Section 14105.8 of the Welfare and Institutions Code is amended to read:

14105.8. (a) The department may enter into contracts with manufacturers of enteral nutrition products that can be used as a therapeutic regimen to prevent serious disability or death in patients with medically diagnosed conditions that preclude the full use of regular food, on a bid or nonbid basis. The department shall maintain a list of those products for which contracts have been executed. For those contracts that generate rebates, those rebates shall be managed through the department's drug rebate accounting system.

(b) (1) To ensure that the health needs of Medi-Cal beneficiaries are met, the department shall, when evaluating a decision to execute a contract, and when evaluating enteral nutrition products for retention on, addition to, or deletion from, the list of enteral nutrition products, consider all of the following criteria:

- (A) The safety of the product.
- (B) The effectiveness of the product.
- (C) The essential need for the product.
- (D) The potential for misuse of the product.
- (E) The immediate or long-term cost effectiveness of the product.

(2) The deficiency of a product when measured by one of the criteria specified in paragraph (1) may be sufficient to support a decision that the product should be deleted from, should not be added to, or should not be retained on, the list of medical supplies. However, the superiority of a product under one criterion may be sufficient to warrant the addition or retention of the product, notwithstanding a deficiency in another criterion.

(c) In order that Medi-Cal beneficiaries may have access to a comprehensive range of enteral nutrition products pursuant to subdivision (a), the department shall ensure that there is representation on the list of

both general use and specialized use enteral nutrition products. The department deems all products designed to meet the normal needs of infants, and all products that are an incomplete source of nutrition, including modular products, and all products intended for use in weight loss, are not benefits of the Medi-Cal program. The department may deem an incomplete product a benefit for patients with diagnoses, including, but not limited to, malabsorption and inborn errors of metabolism, when the product either appropriately lacks only an offending nutrient, or has been shown to not be investigational nor experimental when used as part of a therapeutic regimen to prevent serious disability or death, or when both conditions apply.

(d) In order to achieve maximum cost savings, the Legislature declares that an expedited process for contracts under this section is necessary. Therefore, contracts entered into on a nonbid basis shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code.

(e) Deletions made to the list of enteral nutrition products shall become effective no sooner than 30 days after publication of the changes in provider bulletins.

(f) Changes made to the list of enteral nutrition products under this or any other section are exempt from the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and shall not be subject to the review and approval of the Office of Administrative Law.

(g) The department may provide beneficiaries continuing care for products deleted from the list of enteral nutrition products. The department shall assess the need for continuing care based on the criteria in subdivision (b) and the potential impact on beneficiary access to appropriate therapy. To be eligible for continuing care status under this subdivision, a beneficiary must be taking the enteral nutrition product when the product is deleted. Additionally, the department shall have received a claim for the enteral nutrition product with a date of service that is within 100 days prior to the date the product was deleted. A beneficiary shall remain eligible for continuing care status provided that a claim is submitted for the enteral nutrition product in question at least every 100 days and the date of service of the claim is within 100 days of the date of service of the last claim submitted for the same enteral nutrition product.

(h) The department shall provide individual notice to Medi-Cal beneficiaries at least 60 calendar days prior to the effective date of the deletion of any enteral nutrition product from the list of enteral nutrition

products. The notice shall include a description of the beneficiary's right to a fair hearing and shall encourage the beneficiary to consult a physician to determine if an appropriate substitute enteral nutrition product is available from Medi-Cal.

(i) Enteral nutrition products authorized pursuant to subdivision (a) shall be available only through prior authorization. The department may designate those enteral nutrition products that are without a contract as not being a benefit of the Medi-Cal program, except in the case of continuing care as described in subdivision (h) of this section.

(j) Contracts executed pursuant to this section shall be confidential and shall be exempt from disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(k) (1) Manufacturers shall calculate and pay interest on late or unpaid rebates.

(2) Interest pursuant to paragraph (1) shall begin accruing 38 calendar days from the date of mailing of the quarterly invoice, including supporting utilization data sent to the manufacturer. Interest shall continue to accrue until the date of mailing of the manufacturer's payment.

(3) Interest rates and calculations pursuant to paragraph (1) shall be identical and shall be equal to the drug rebate interest rates as determined by the federal Centers for Medicare and Medicaid Services' Medicaid Drug Rebate Program Releases or regulations.

(4) If the date of mailing of a state rebate payment is 69 days or more from the date of mailing of the invoice, including supporting utilization data sent to the manufacturer, the interest rate shall be as specified in paragraph (3), however the interest rate shall be increased by 10 percentage points.

(l) The department may adopt emergency regulations to implement this section 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. 68. Section 14105.85 of the Welfare and Institutions Code is amended to read:

14105.85. (a) Effective July 1, 2002, payment for enteral nutrition products dispensed by a pharmacy provider shall be based on the estimated acquisition cost for that product plus a percentage markup to be determined by the department in consultation with provider representatives from the California Association of Medical Product Suppliers and the California Pharmacists Association. Any changes to the percentage markup may be implemented with 30-day notice to the provider community via a provider bulletin or other specific notification to providers.

(b) In determining the estimated acquisition cost of products pursuant to this section, the department shall consider provider related costs of the products that include, but are not limited to, shipping, handling, storage, and delivery.

SEC. 69. Section 14110 of the Welfare and Institutions Code is amended to read:

14110. No payment for care or services shall be made under Medi-Cal to a medical or health care facility unless it has been certified by the department for participation, and it meets one of the following:

- (a) It is licensed by the department.
- (b) It is licensed by a comparable agency in another state.
- (c) It is exempt from licensure.
- (d) It is operated by the Regents of the University of California.
- (e) It meets the utilization review plan criteria for certification or is certified as an institutional provider of services under Title XVIII of the Federal Social Security Act and regulations issued thereunder.

Nothing in this section shall preclude payments for care for aged patients in medical facilities or institutions operated or licensed by the department, or the State Department of Mental Health, State Department of Developmental Services, State Department of Social Services, or Department of Rehabilitation.

The department shall certify facilities licensed pursuant to subdivision (e) of Section 1250 of the Health and Safety Code for participation in the program within 30 calendar days of receipt of a complete application or date of licensure, whichever is greater, if the facility meets all the requirements for certification. The department for claims purposes only, shall enroll facilities which meet all certification requirements within 30 calendar days of the date of certification or 60 calendar days of licensure, whichever is greater.

SEC. 70. Section 14124.70 of the Welfare and Institutions Code is amended to read:

14124.70. As used in this article:

(a) "Carrier" includes any insurer as defined in Section 23 of the Insurance Code, including any private company, corporation, mutual association, trust fund, reciprocal or interinsurance exchange authorized under the laws of this state to insure persons against liability or injuries caused to another, and also any insurer providing benefits under a policy of bodily injury liability insurance covering liability arising out of the ownership, maintenance or use of a motor vehicle which provides uninsured motorist endorsement or coverage, pursuant to Section 11580.2 of the Insurance Code.

(b) "Beneficiary" means any person who has received benefits or will be provided benefits under this chapter because of an injury for which

another person or party may be liable. It includes such beneficiary's guardian, conservator or other personal representative, his estate or survivors.

(c) "Reasonable value of benefits" means both of the following:

(1) Except in a case in which services were provided to a beneficiary under a managed care arrangement or contract, "reasonable value of benefits" means the Medi-Cal rate of payment, for the type of services rendered, under the schedule of maximum allowances authorized by Section 14106 or, the Medi-Cal rate of payment, for the type of services rendered, under regulations adopted pursuant to this chapter, including but not limited, to Section 14105.

(2) If services were provided to a beneficiary under a managed care arrangement or contract, "reasonable value of benefits" means the rate of payment to the provider by the plan for the services rendered to the beneficiary, except in cases where the plan pays the provider on a capitated or risk sharing basis, in which case it means the value of the services rendered to the beneficiary calculated by the plan as the usual customary and reasonable charge made to the general public by the provider for similar services.

(d) "Lien" means the director's claim for recovery, from a beneficiary's tort action or claim, of the reasonable value of benefits provided on behalf of the beneficiary.

SEC. 71. Section 14124.76 of the Welfare and Institutions Code is amended to read:

14124.76. (a) No settlement, judgment, or award in any action or claim by a beneficiary to recover damages for injuries, where the director has an interest, shall be deemed final or satisfied without first giving the director notice and a reasonable opportunity to perfect and to satisfy the director's lien. Recovery of the director's lien from an injured beneficiary's action or claim is limited to that portion of a settlement, judgment, or award that represents payment for medical expenses, or medical care, provided on behalf of the beneficiary. All reasonable efforts shall be made to obtain the director's advance agreement to a determination as to what portion of a settlement, judgment, or award that represents payment for medical expenses, or medical care, provided of behalf on the beneficiary. Absent the director's advance agreement as to what portion of a settlement, judgment, or award represents payment for medical expenses, or medical care, provided on behalf of the beneficiary, the matter shall be submitted to a court for decision. Either the director or the beneficiary may seek resolution of the dispute by filing a motion, which shall be subject to regular law and motion procedures. In determining what portion of a settlement, judgment, or award represents payment for medical expenses, or medical care,

provided on behalf of the beneficiary and as to what the appropriate reimbursement amount to the director should be, the court shall be guided by the United States Supreme Court decision in *Arkansas Department of Health and Human Services v. Ahlborn* (2006) 547 U.S. 268 and other relevant statutory and case law.

(b) If the beneficiary has filed a third-party action or claim, the court where the action or claim was filed shall have jurisdiction over a dispute between the director and the beneficiary regarding the amount of a lien asserted pursuant to this section that is based upon an allocation of damages contained in a settlement or compromise of the third-party action or claim. If no third-party action or claim has been filed, any superior court in California where venue would have been proper had a claim or action been filed shall have jurisdiction over the motion. The motion may be filed as a special motion and treated as an ordinary law and motion proceeding and subject to regular motion fees. The reimbursement determination motion shall be treated as a special proceeding of a civil nature pursuant to Part 3 (commencing with Section 1063) of the Code of Civil Procedure. When no action is pending, the person making the motion shall be required to pay a first appearance fee. When an action is pending, the person making the motion shall pay a regular law and motion fee. Notwithstanding Section 1064 of the Code of Civil Procedure, either the beneficiary or the director may appeal the final findings, decision, or order.

(c) The court shall issue its findings, decision, or order, which shall be considered the final determination of the parties' rights and obligations with respect to the director's lien, unless the settlement is contingent on an acceptable allocation of the settlement proceeds, in which case, the court's findings, decision, or order shall be considered a tentative determination. If the beneficiary does not serve notice of a rejection of the tentative determination, which shall be based solely upon a rejection of the contingent settlement, within 30 days of the notice of entry of the court's tentative determination, subject to further consideration by the court pursuant to subdivision (d), the tentative determination shall become final. Notwithstanding Section 1064 of the Code of Civil Procedure, either the beneficiary or the director may appeal the final findings, decision, or order.

(d) If the beneficiary does not accept the tentative determination, which shall be based solely upon a rejection of the contingent settlement, any party may subsequently seek further consideration of the court's findings upon application to modify the prior findings, decision, or order based on new or different facts or circumstances. The application shall include an affidavit showing what application was made before, when, and to what judge, what order or decision was made, and what new or

different facts or circumstances, including a different settlement, are claimed to exist. Upon further consideration, the court may modify the allocation in the interest of fairness and for good cause.

SEC. 72. Section 14124.78 of the Welfare and Institutions Code is amended to read:

14124.78. Notwithstanding any other provision of law, in no event shall the director recover more than the beneficiary recovers after deducting, from the settlement judgment, or award, attorney's fees and litigation costs paid for by the beneficiary. If the director's recovery is determined under this section, the reductions in subdivision (d) of Section 14124.72 shall not apply.

SEC. 73. Section 14124.785 is added to the Welfare and Institutions Code, to read:

14124.785. The director's recovery is limited to the amount derived from applying Section 14124.72, 14124.76, or 14124.78, whichever is less.

SEC. 74. Section 14124.792 is added to the Welfare and Institutions Code, to read:

14124.792. If any provision of this article, or the application of any provision of this article to any person, firm, corporation, or other entity or to any circumstance or situation, shall be held invalid, the remaining provisions of this article shall not be affected thereby, and shall be given effect.

SEC. 75. Section 14124.89 of the Welfare and Institutions Code is amended to read:

14124.89. (a) Every health insurer, self-insured plan, group health plan, as defined in Section 607(1) of the Employee Retirement Income Security Act of 1974, service benefit plan, managed care organization, including health care service plans as defined in subdivision (f) of Section 1345 of the Health and Safety Code, licensed pursuant to 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), pharmacy benefit manager, or other party that is, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service shall, upon request of the department for any records, or any information contained in records pertaining to an individual or group health insurance policy or plan issued by such insurer or plan against, or pertaining to the medical or dental benefits paid by or claims made against such insurer or plans under a policy or plan, make the requested records or information available upon a certification by the department that the individual is an applicant for or recipient of services under this chapter or is a person who is legally responsible for such an applicant or recipient.

(b) The department shall enter into a cooperative agreement setting forth mutually agreeable procedures for requesting and furnishing appropriate information, not inconsistent with any law pertaining to the confidentiality and privacy of medical records, which procedure shall include such financial arrangements as may be necessary to reimburse insurers or plans for necessary costs incurred in furnishing requested information, and the time and manner such procedures are to become effective. Reimbursement to insurers or plans complying with the provisions of this section shall be at the same rate of reimbursement used to reimburse the Department of Motor Vehicles for providing information to insurance carriers.

(c) The information required to be made available pursuant to this section shall be limited to information necessary to determine whether health benefits have been or should have been claimed and paid pursuant to a health insurance policy or plan with respect to items of medical care and services received by a particular individual for which Medi-Cal coverage would otherwise be available.

(d) Not later than the date upon which the procedures agreed to pursuant to subdivision (b) become effective, the director shall establish guidelines to assure that information relating to an individual certified to be an applicant for or recipient of medical assistance, furnished to any insurer or plan pursuant to this section, is used only for the purpose of identifying the records or information requested in such manner so as not to violate the confidentiality of an applicant or recipient.

(e) The department shall implement the provisions of this section by January 1, 1983.

SEC. 76. Section 14124.90 of the Welfare and Institutions Code is amended to read:

14124.90. It is the intent of the Legislature to comply with federal law requiring that when a beneficiary has third-party health coverage or insurance, the State Department of Health Services shall be the payer of last resort. In order to assess overlapping or duplicate health coverage, every health insurer, self-insured plan, group health plan, as defined in Section 607(1) of the Employee Retirement Income Security Act of 1974, service benefit plan, managed care organization, including health care service plans as defined in subdivision (f) of Section 1345 of the Health and Safety Code, licensed pursuant to 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), pharmacy benefit manager, or other party that is, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service shall maintain a centralized file of the subscribers', policyholders', or enrollees' names, mailing addresses, and social security numbers or date

of birth, and where available, for all other covered persons, the names and social security numbers or date of birth. This information shall be made available to the State Department of Health Services upon reasonable request. Notwithstanding Section 20134 of the Government Code, the Board of Administration of the California Public Employees' Retirement System and affiliated systems or contract agencies shall permit data matches with the state department to identify Medi-Cal beneficiaries with third-party health coverage or insurance. A recipient's Medi-Cal identification card shall, where information is available, contain information advising providers of health care services of any third-party health coverage for the recipient. Providers shall seek reimbursement from available third-party health coverage before billing the Medi-Cal program.

SEC. 77. Section 14124.94 of the Welfare and Institutions Code is amended to read:

14124.94. (a) When the rights of a Medi-Cal beneficiary to health care benefits from an insurer have been assigned to the department, an insurer shall not impose any requirement on the department that is different from any requirement applicable to an agent or any assignee of the covered beneficiary.

(b) The department, in the administration of the Medi-Cal program, may garnish the wages, salary, or other employment income of, and withhold amounts from state tax refunds from, any person to whom both of the following apply:

(1) The person is required by a court or administrative order to provide coverage of the costs of health services to a child who is eligible for medical assistance under the Medi-Cal program.

(2) The person has received payment from a third party for the costs of the health services for the child, but he or she has not used the payments to reimburse, as appropriate, either the other parent or the person having custody of the child, or the provider of the health services, to the extent necessary to reimburse the department for expenditures for those costs under the Medi-Cal program. All claims for current or past due child support shall take priority over claims made by the department for the costs of Medi-Cal services.

(c) For purposes of this section, "insurer" includes every health insurer, self-insured plan, group health plan, as defined in Section 607(1) of the Employee Retirement Income Security Act of 1974, service benefit plan, managed care organization, including health care service plans as defined in subdivision (f) of Section 1345 of the Health and Safety Code, licensed pursuant to 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), pharmacy benefit manager, or other party that

is, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service.

SEC. 78. Section 14125 of the Welfare and Institutions Code is amended to read:

14125. (a) The purpose of this article is to establish provider reimbursement rates for incontinence medical supplies covered by the Medi-Cal program. Reimbursement for incontinence medical supplies shall consist of the negotiated contract prices within each product category, plus a markup fee equal to 38 percent of the contract price.

(b) (1) In establishing the list of incontinence medical supplies, the department may enter into exclusive or nonexclusive contracts on a bid or negotiated basis with manufacturers, distributors, dispensers, or suppliers of incontinence medical supplies.

(2) To ensure that the health needs of Medi-Cal beneficiaries are met, the department shall, when evaluating a decision to execute a contract, and when evaluating incontinence medical supplies for retention on, addition to, or deletion from, the list of incontinence medical supplies, consider all of the following criteria:

- (A) The safety of the product.
- (B) The effectiveness of the product.
- (C) The essential need for the product.
- (D) The potential for misuse of the product.
- (E) The immediate or long-term cost-effectiveness of the product.

(3) The deficiency of a product when measured by one of the criteria specified in paragraph (2) may be sufficient to support a decision that the product should be deleted from, should not be added to, or should not be retained on, the list of medical supplies. However, the superiority of a product under one criterion may be sufficient to warrant the addition or retention of the product, notwithstanding a deficiency in another criterion.

(4) In the evaluation of the effectiveness of a product, the department may require the manufacturer, distributor, dispenser, or supplier to submit their products to testing by an independent laboratory. For the purposes of this section, "independent laboratory" means an analytical laboratory that is not a subsidiary of, affiliated with, or on retainer for, the manufacturer, distributor, dispenser, or supplier.

(c) The department may use Healthcare Common Procedure Code System codes or Universal Product Number codes for the processing and payment of incontinence medical supplies.

SEC. 79. Section 14125.2 of the Welfare and Institutions Code is amended to read:

14125.2. (a) (1) To qualify for Medi-Cal coverage a product shall be in general retail distribution, sold to the general public, and comply

with any standards for products established by law or regulation. No product that is manufactured, distributed, or otherwise promoted for the exclusive use of beneficiaries of the Medi-Cal program shall be a Medi-Cal benefit.

(2) For purposes of this section, “product” means any product which is in general retail distribution.

(3) For purposes of this subdivision, “general retail distribution” means either of the following:

(A) The product is included in a listing of approved products for purchase either by the federal or state government.

(B) The product is on display and available for purchase by customers for private payment at licensed pharmacies or licensed medical supply dealers within California which are physical locations open to the general public.

(b) In order to qualify as a Medi-Cal provider of incontinence medical supplies, a dealer shall have an established place of business that is readily identifiable as a medical supply business, be open to the general public at regularly established business hours, have incontinence supplies in stock on the premises or in a warehouse under the provider’s direct control, and meet all local laws and ordinances regarding business licensing and operations. The department shall establish additional rules and regulations for participation in the Medi-Cal program as it deems necessary to ensure adequate safeguards to the integrity of the Medi-Cal program.

SEC. 80. Section 14125.8 of the Welfare and Institutions Code is amended to read:

14125.8. (a) In order to more fully identify the owner or owners of companies or corporations that apply to be or currently are providers of incontinence medical supplies, within 30 days of the receipt of a request from the department, or a request to the department from the Department of Justice, the applicant or provider shall provide, as part of the application process or as a condition of continued participation in the Medi-Cal program, the following:

(1) The name of the corporation, the official titles of the applicants, and a list of all the corporate officers.

(2) The California driver’s license or California identification card number of the applicants, coowners, corporate officers, and financially interested parties.

(3) The applicant’s business permit control number, issued by the State Board of Equalization, for the business location where services are rendered to the public.

(4) A statement of all current sources of capital, identity of all investors, disclosure of all manufacturers, suppliers, and providers

currently doing business with the applicant, and disclosure of all entities to whom the applicant has extended a line of credit.

(5) A statement certifying that all information supplied pursuant to this section is accurate.

(b) A Medi-Cal provider of incontinence supplies shall not submit a claim for goods or services to the department prior to the date the goods or services are delivered to the Medi-Cal beneficiary. The date of delivery to a beneficiary shall be the earlier of the date the beneficiary actually received the goods or services, or the date the goods were posted or otherwise dispatched from the provider's premises and control. A claim submitted to the department prior to the date of delivery shall not be paid. Violation of this subdivision shall be grounds for expulsion from the Medi-Cal program.

(c) The department may implement a 180-day moratorium on the enrollment of new providers or new business addresses for incontinence medical supply dealers when the department determines this action is necessary to safeguard public funds or to maintain the fiscal integrity of the program.

SEC. 81. Section 14126.027 of the Welfare and Institutions Code is amended to read:

14126.027. (a) (1) The Director of Health Services, or his or her designee, shall administer this article.

(2) The regulations and other similar instructions adopted pursuant to this article shall be developed in consultation with representatives of the long-term care industry, organized labor, seniors, and consumers.

(b) (1) The director may adopt regulations as are necessary to implement this article. 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 department is hereby exempted from the requirement that it describe specific facts showing the need for immediate action.

(2) The regulations adopted pursuant to this section may include, but need not be limited to, any regulations necessary for any of the following purposes:

(A) The administration of this article, including the specific analytical process for the proper determination of long-term care rates.

(B) The development of any forms necessary to obtain required cost data and other information from facilities subject to the ratesetting methodology.

(C) To provide details, definitions, formulas, and other requirements.

(c) As an alternative to the adoption of regulations pursuant to subdivision (b), and notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the director may implement this article, in whole or in part, by means of a provider bulletin or other similar instructions, without taking regulatory action, provided that no such bulletin or other similar instructions shall remain in effect after July 31, 2008. It is the intent that regulations adopted pursuant to subdivision (b) shall be in place on or before July 31, 2008.

SEC. 82. Section 14126.033 of the Welfare and Institutions Code is amended to read:

14126.033. (a) This article, including Section 14126.031, shall be funded as follows:

(1) General Fund moneys appropriated for purposes of this article pursuant to Section 6 of the act adding this section shall be used for increasing rates, except as provided in Section 14126.031, for freestanding skilled nursing facilities, and shall be consistent with the approved methodology required to be submitted to the Centers for Medicare and Medicaid Services pursuant to Article 7.6 (commencing with Section 1324.20) of Chapter 2 of Division 2 of the Health and Safety Code.

(2) (A) Notwithstanding Section 14126.023, for the 2005–06 rate year, the maximum annual increase in the weighted average Medi-Cal rate required for purposes of this article shall not exceed 8 percent of the weighted average Medi-Cal reimbursement rate for the 2004–05 rate year as adjusted for the change in the cost to the facility to comply with the nursing facility quality assurance fee for the 2005–06 rate year, as required under subdivision (b) of Section 1324.21 of the Health and Safety Code, plus the total projected Medi-Cal cost to the facility of complying with new state or federal mandates.

(B) Beginning with the 2006–07 rate year, the maximum annual increase in the weighted average Medi-Cal reimbursement rate required for purposes of this article shall not exceed 5 percent of the weighted average Medi-Cal reimbursement rate for the prior fiscal year, as adjusted for the projected cost of complying with new state or federal mandates.

(C) Beginning with the 2007–08 rate year and continuing through the 2008–09 rate year, the maximum annual increase in the weighted average Medi-Cal reimbursement rate required for purposes of this article shall not exceed 5.5 percent of the weighted average Medi-Cal reimbursement rate for the prior fiscal year, as adjusted for the projected cost of complying with new state or federal mandates.

(D) To the extent that new rates are projected to exceed the adjusted limits calculated pursuant to subparagraph (A) or (B), the department

shall adjust the increase to each skilled nursing facility's projected rate for the applicable rate year by an equal percentage.

(b) The rate methodology shall cease to be implemented on and after July 31, 2009.

(c) (1) It is the intent of the Legislature that the implementation of this article result in individual access to appropriate long-term care services, quality resident care, decent wages and benefits for nursing home workers, a stable workforce, provider compliance with all applicable state and federal requirements, and administrative efficiency.

(2) Not later than December 1, 2006, the Bureau of State Audits shall conduct an accountability evaluation of the department's progress toward implementing a facility-specific reimbursement system, including a review of data to ensure that the new system is appropriately reimbursing facilities within specified cost categories and a review of the fiscal impact of the new system on the General Fund.

(3) Not later than January 1, 2007, to the extent information is available for the three years immediately preceding the implementation of this article, the department shall provide baseline information in a report to the Legislature on all of the following:

(A) The number and percent of freestanding skilled nursing facilities that complied with minimum staffing requirements.

(B) The staffing levels prior to the implementation of this article.

(C) The staffing retention rates prior to the implementation of this article.

(D) The numbers and percentage of freestanding skilled nursing facilities with findings of immediate jeopardy, substandard quality of care, or actual harm, as determined by the certification survey of each freestanding skilled nursing facility conducted prior to the implementation of this article.

(E) The number of freestanding skilled nursing facilities that received state citations and the number and class of citations issued during calendar year 2004.

(F) The average wage and benefits for employees prior to the implementation of this article.

(4) Not later than January 1, 2009, the department shall provide a report to the Legislature that does both of the following:

(A) Compares the information required in paragraph (2) to that same information two years after the implementation of this article.

(B) Reports on the extent to which residents who had expressed a preference to return to the community, as provided in Section 1418.81 of the Health and Safety Code, were able to return to the community.

(5) The department may contract for the reports required under this subdivision.

(d) This section shall become inoperative on July 31, 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. 83. Section 14132.100 of the Welfare and Institutions Code is amended to read:

14132.100. (a) The federally qualified health center services described in Section 1396d(a)(2)(C) of Title 42 of the United States Code are covered benefits.

(b) The rural health clinic services described in Section 1396d(a)(2)(B) of Title 42 of the United States Code are covered benefits.

(c) Federally qualified health center services and rural health clinic services shall be reimbursed on a per-visit basis in accord with the definition of "visit" set forth in subdivision (g).

(d) Effective October 1, 2004, and on each October 1, thereafter, until no longer required by federal law, federally qualified health center (FQHC) and rural health clinic (RHC) per-visit rates shall be increased by the Medicare Economic Index applicable to primary care services in the manner provided for in Section 1396a(bb)(3)(A) of Title 42 of the United States Code. Prior to January 1, 2004, FQHC and RHC per-visit rates shall be adjusted by the Medicare Economic Index in accord with the methodology set forth in the state plan in effect on October 1, 2001.

(e) (1) An FQHC or RHC may apply for an adjustment to its per-visit rate based on a change in the scope of services provided by the FQHC or RHC. Rate changes based on a change in the scope of services provided by an FQHC or RHC shall be evaluated in accordance with Medicare reasonable cost principles, as set forth in Part 413 (commencing with Section 413.1) of Title 42 of the Code of Federal Regulations, or its successor.

(2) Subject to the conditions set forth in subparagraphs (A) to (D), inclusive, of paragraph (3), a change in scope of service means any of the following:

(A) The addition of a new FQHC or RHC service that is not incorporated in the baseline prospective payment system (PPS) rate, or a deletion of an FQHC or RHC service that is incorporated in the baseline PPS rate.

(B) A change in service due to amended regulatory requirements or rules.

(C) A change in service resulting from relocating or remodeling an FQHC or RHC.

(D) A change in types of services due to a change in applicable technology and medical practice utilized by the center or clinic.

(E) An increase in service intensity attributable to changes in the types of patients served, including, but not limited to, populations with HIV or AIDS, or other chronic diseases, or homeless, elderly, migrant, or other special populations.

(F) Any changes in any of the services described in subdivision (a) or (b), or in the provider mix of an FQHC or RHC or one of its sites.

(G) Changes in operating costs attributable to capital expenditures associated with a modification of the scope of any of the services described in subdivisions (a) or (b), including new or expanded service facilities, regulatory compliance, or changes in technology or medical practices at the center or clinic.

(H) Indirect medical education adjustments and a direct graduate medical education payment that reflects the costs of providing teaching services to interns and residents.

(I) Any changes in the scope of a project approved by the federal Health Resources and Service Administration (HRSA).

(3) No change in costs shall, in and of itself, be considered a scope-of-service change unless all of the following apply:

(A) The increase or decrease in cost is attributable to an increase or decrease in the scope of services defined in subdivisions (a) and (b), as applicable.

(B) The cost is allowable under Medicare reasonable cost principles set forth in Part 413 (commencing with Section 413) of Subchapter B of Chapter 4 of Title 42 of the Code of Federal Regulations, or its successor.

(C) The change in the scope of services is a change in the type, intensity, duration, or amount of services, or any combination thereof.

(D) The net change in the FQHC's or RHC's rate equals or exceeds 1.75 percent for the affected FQHC or RHC site. For FQHCs and RHCs that filed consolidated cost reports for multiple sites to establish the initial prospective payment reimbursement rate, the 1.75 percent threshold shall be applied to the average per-visit rate of all sites for the purposes of calculating the cost associated with a scope-of-service change. "Net change" means the per-visit rate change attributable to the cumulative effect of all increases and decreases for a particular fiscal year.

(4) An FQHC or RHC may submit requests for scope-of-service changes once per fiscal year, only within 90 days following the beginning of the FQHC's or RHC's fiscal year. Any approved increase or decrease in the provider's rate shall be retroactive to the beginning of the FQHC's or RHC's fiscal year in which the request is submitted.

(5) An FQHC or RHC shall submit a scope-of-service rate change request within 90 days of the beginning of any FQHC or RHC fiscal year occurring after the effective date of this section, if, during the

FQHC's or RHC's prior fiscal year, the FQHC or RHC experienced a decrease in the scope of services provided that the FQHC or RHC either knew or should have known would have resulted in a significantly lower per-visit rate. If an FQHC or RHC discontinues providing onsite pharmacy or dental services, it shall submit a scope-of-service rate change request within 90 days of the beginning of the following fiscal year. The rate change shall be effective as provided for in paragraph (4). As used in this paragraph, "significantly lower" means an average per-visit rate decrease in excess of 2.5 percent.

(6) Notwithstanding paragraph (4), if the approved scope-of-service change or changes were initially implemented on or after the first day of an FQHC's or RHC's fiscal year ending in calendar year 2001, but before the adoption and issuance of written instructions for applying for a scope-of-service change, the adjusted reimbursement rate for that scope-of-service change shall be made retroactive to the date the scope-of-service change was initially implemented. Scope-of-service changes under this paragraph shall be required to be submitted within the later of 150 days after the adoption and issuance of the written instructions by the department, or 150 days after the end of the FQHC's or RHC's fiscal year ending in 2003.

(7) All references in this subdivision to "fiscal year" shall be construed to be references to the fiscal year of the individual FQHC or RHC, as the case may be.

(f) (1) An FQHC or RHC may request a supplemental payment if extraordinary circumstances beyond the control of the FQHC or RHC occur after December 31, 2001, and PPS payments are insufficient due to these extraordinary circumstances. Supplemental payments arising from extraordinary circumstances under this subdivision shall be solely and exclusively within the discretion of the department and shall not be subject to subdivision (l). These supplemental payments shall be determined separately from the scope-of-service adjustments described in subdivision (e). Extraordinary circumstances include, but are not limited to, acts of nature, changes in applicable requirements in the Health and Safety Code, changes in applicable licensure requirements, and changes in applicable rules or regulations. Mere inflation of costs alone, absent extraordinary circumstances, shall not be grounds for supplemental payment. If an FQHC's or RHC's PPS rate is sufficient to cover its overall costs, including those associated with the extraordinary circumstances, then a supplemental payment is not warranted.

(2) The department shall accept requests for supplemental payment at any time throughout the prospective payment rate year.

(3) Requests for supplemental payments shall be submitted in writing to the department and shall set forth the reasons for the request. Each request shall be accompanied by sufficient documentation to enable the department to act upon the request. Documentation shall include the data necessary to demonstrate that the circumstances for which supplemental payment is requested meet the requirements set forth in this section. Documentation shall include all of the following:

(A) A presentation of data to demonstrate reasons for the FQHC's or RHC's request for a supplemental payment.

(B) Documentation showing the cost implications. The cost impact shall be material and significant (two hundred thousand dollars (\$200,000) or 1 percent of a facility's total costs, whichever is less).

(4) A request shall be submitted for each affected year.

(5) Amounts granted for supplemental payment requests shall be paid as lump-sum amounts for those years and not as revised PPS rates, and shall be repaid by the FQHC or RHC to the extent that it is not expended for the specified purposes.

(6) The department shall notify the provider of the department's discretionary decision in writing.

(g) An FQHC or RHC "visit" means a face-to-face encounter between an FQHC or RHC patient and a physician, physician assistant, nurse practitioner, certified nurse midwife, clinical psychologist, licensed clinical social worker, or a visiting nurse. For purposes of this section, "physician" shall be interpreted in a manner consistent with the Centers for Medicare and Medicaid Services' Medicare Rural Health Clinic and Federally Qualified Health Center Manual (Publication 27), or its successor, only to the extent that it defines the professionals whose services are reimbursable on a per-visit basis and not as to the types of services that these professionals may render during these visits and shall include a medical doctor, osteopath, podiatrist, dentist, optometrist, and chiropractor. A visit shall also include a face-to-face encounter between an FQHC or RHC patient and a comprehensive perinatal services practitioner, as defined in Section 51179.1 of Title 22 of the California Code of Regulations, providing comprehensive perinatal services, a four-hour day of attendance at an adult day health care center, and any other provider identified in the state plan's definition of an FQHC or RHC visit.

(h) If FQHC or RHC services are partially reimbursed by a third-party payer, such as a managed care entity (as defined in Section 1396u-2(a)(1)(B) of Title 42 of the United States Code), the Medicare program, or the Child Health and Disability Prevention (CHDP) program, the department shall reimburse an FQHC or RHC for the difference between its per-visit PPS rate and receipts from other plans or programs

on a contract-by-contract basis and not in the aggregate, and may not include managed care financial incentive payments that are required by federal law to be excluded from the calculation.

(i) (1) An entity that first qualifies as an FQHC or RHC in the year 2001 or later, a newly licensed facility at a new location added to an existing FQHC or RHC, and any entity that is an existing FQHC or RHC that is relocated to a new site shall each have its reimbursement rate established in accordance with one of the following methods, as selected by the FQHC or RHC:

(A) The rate may be calculated on a per-visit basis in an amount that is equal to the average of the per-visit rates of three comparable FQHCs or RHCs located in the same or adjacent area with a similar caseload.

(B) In the absence of three comparable FQHCs or RHCs with a similar caseload, the rate may be calculated on a per-visit basis in an amount that is equal to the average of the per-visit rates of three comparable FQHCs or RHCs located in the same or an adjacent service area, or in a reasonably similar geographic area with respect to relevant social, health care, and economic characteristics.

(C) At a new entity's one-time election, the department shall establish a reimbursement rate, calculated on a per-visit basis, that is equal to 100 percent of the projected allowable costs to the FQHC or RHC of furnishing FQHC or RHC services during the first 12 months of operation as an FQHC or RHC. After the first 12-month period, the projected per-visit rate shall be increased by the Medicare Economic Index then in effect. The projected allowable costs for the first 12 months shall be cost settled and the prospective payment reimbursement rate shall be adjusted based on actual and allowable cost per visit.

(D) The department may adopt any further and additional methods of setting reimbursement rates for newly qualified FQHCs or RHCs as are consistent with Section 1396a(bb)(4) of Title 42 of the United States Code.

(2) In order for an FQHC or RHC to establish the comparability of its caseload for purposes of subparagraph (A) or (B) of paragraph (1), the department shall require that the FQHC or RHC submit its most recent annual utilization report as submitted to the Office of Statewide Health Planning and Development, unless the FQHC or RHC was not required to file an annual utilization report. FQHCs or RHCs that have experienced changes in their services or caseload subsequent to the filing of the annual utilization report may submit to the department a completed report in the format applicable to the prior calendar year. FQHCs or RHCs that have not previously submitted an annual utilization report shall submit to the department a completed report in the format applicable to the prior calendar year. The FQHC or RHC shall not be required to

submit the annual utilization report for the comparable FQHCs or RHCs to the department, but shall be required to identify the comparable FQHCs or RHCs.

(3) The rate for any newly qualified entity set forth under this subdivision shall be effective retroactively to the later of the date that the entity was first qualified by the applicable federal agency as an FQHC or RHC, the date a new facility at a new location was added to an existing FQHC or RHC, or the date on which an existing FQHC or RHC was relocated to a new site. The FQHC or RHC shall be permitted to continue billing for Medi-Cal covered benefits on a fee-for-service basis until it is informed of its enrollment as an FQHC or RHC, and the department shall reconcile the difference between the fee-for-service payments and the FQHC's or RHC's prospective payment rate at that time.

(j) Visits occurring at an intermittent clinic site, as defined in subdivision (h) of Section 1206 of the Health and Safety Code, of an existing FQHC or RHC, or in a mobile unit as defined by paragraph (2) of subdivision (b) of Section 1765.105 of the Health and Safety Code, shall be billed by and reimbursed at the same rate as the FQHC or RHC establishing the intermittent clinic site or the mobile unit, subject to the right of the FQHC or RHC to request a scope-of-service adjustment to the rate.

(k) An FQHC or RHC may elect to have pharmacy or dental services reimbursed on a fee-for-service basis, utilizing the current fee schedules established for those services. These costs shall be adjusted out of the FQHC's or RHC's clinic base rate as scope-of-service changes. An FQHC or RHC that reverses its election under this subdivision shall revert to its prior rate, subject to an increase to account for all MEI increases occurring during the intervening time period, and subject to any increase or decrease associated with applicable scope-of-services adjustments as provided in subdivision (e).

(l) FQHCs and RHCs may appeal a grievance or complaint concerning ratesetting, scope-of-service changes, and settlement of cost report audits, in the manner prescribed by Section 14171. The rights and remedies provided under this subdivision are cumulative to the rights and remedies available under all other provisions of law of this state.

(m) The department shall, by no later than March 30, 2004, promptly seek all necessary federal approvals in order to implement this section, including any amendments to the state plan. To the extent that any element or requirement of this section is not approved, the department shall submit a request to the federal Centers for Medicare and Medicaid Services for any waivers that would be necessary to implement this section.

(n) The department shall implement this section only to the extent that federal financial participation is obtained.

SEC. 84. Section 14134.5 of the Welfare and Institutions Code is amended to read:

14134.5. All of the following provisions apply to the provision of services pursuant to subdivision (u) of Section 14132:

(a) "Comprehensive perinatal provider" means any general practice physician, family practice physician, obstetrician-gynecologist, pediatrician, certified nurse midwife, a group, any of whose members is one of the above-named physicians, or any preferred provider organization or clinic enrolled in the Medi-Cal program and certified pursuant to the standards of this section.

(b) "Perinatal" means the period from the establishment of pregnancy to one month following delivery.

(c) "Comprehensive perinatal services" shall include, but not be limited to, the provision of the combination of services developed through the Department of Health Services Obstetrical Access Pilot Program.

(d) The comprehensive perinatal provider shall schedule visits with appropriate providers and shall track the patient to verify whether services have been received. As part of the reimbursement for coordinating these services, the comprehensive perinatal provider shall ensure the provision of the following services either through the provider's own service or through subcontracts or referrals to other providers:

(1) A psychosocial assessment and when appropriate referrals to counseling.

(2) Nutrition assessments and when appropriate referral to counseling on food supplement programs, vitamins and breast-feeding.

(3) Health, childbirth, and parenting education.

(e) Except where existing law prohibits the employment of physicians, a health care provider may employ or contract with all of the following medical and other practitioners for the purpose of providing the comprehensive services delineated in this section:

(1) Physicians, including a general practitioner, a family practice physician, a pediatrician, or an obstetrician-gynecologist.

(2) Certified nurse midwives.

(3) Nurses.

(4) Nurse practitioners.

(5) Physician assistants.

(6) Social workers.

(7) Health and childbirth educators.

(8) Registered dietitians.

The department shall adopt regulations which define the qualifications of any of these practitioners who are not currently included under the

regulations adopted pursuant to this chapter. Providers shall, as feasible, utilize staffing patterns which reflect the linguistic and cultural features of the populations they serve.

(f) The California Medical Assistance Program and the Maternal and Child Health Branch of the State Department of Health Services in consultation with the California Conference of Local Health Officers shall establish standards for health care providers and for services rendered pursuant to this subdivision.

(g) The department shall assist local health departments to establish a community perinatal program whose responsibilities may include certifying and monitoring providers of comprehensive perinatal services. The department shall provide the local health departments with technical assistance for the purpose of implementing the community perinatal program. The department shall, to the extent feasible, and to the extent funding for administrative costs is available, utilize local health departments in the administration of the perinatal program. If these funds are not available, the department shall use alternative means to implement the community perinatal program.

(h) It is the intent of the Legislature that the department shall establish a method for reimbursement of comprehensive perinatal providers which shall include a fee for coordinating services and which shall be sufficient to cover reasonable costs for the provision of comprehensive perinatal services. The department may utilize fees for service, capitated fees, or global fees to reimburse providers. However, if capitated or global fees are established, the department shall set minimum standards for the provision of services including, but not limited to, the number of prenatal visits and the amount and type of psychosocial, nutritional, and educational services patients shall receive.

Notwithstanding the type of reimbursement system, the comprehensive perinatal provider shall not be financially at risk for the provision of inpatient services. The provision of inpatient services which are not related to perinatal care shall not be subject to the provisions of this section. Inpatient services related to services pursuant to this subdivision shall be reimbursed, in accordance with Section 14081, 14086, 14087, or 14087.2, whichever is applicable.

(i) The department shall develop systems for monitoring and oversight of the comprehensive perinatal services provided in this section. The monitoring shall include, but shall not be limited to, collection of information using the perinatal data form.

(j) Participation for services provided pursuant to this section shall be voluntary. The department shall adopt patient rights safeguards for recipients of the comprehensive perinatal services.

SEC. 86. Section 14166.4 of the Welfare and Institutions Code is amended to read:

14166.4. (a) Notwithstanding Article 2.6 (commencing with Section 14081), and any other provision of law, fee-for-service payments to the designated public hospitals for inpatient services to Medi-Cal beneficiaries shall be governed by this section. Each of the designated public hospitals shall receive as payment for inpatient hospital services provided to Medi-Cal beneficiaries during any project year, the hospital's allowable costs incurred in providing those services, multiplied by the federal medical assistance percentage. These costs shall be determined, certified, and claimed in accordance with Sections 14166.8 and 14166.9. All Medicaid federal financial participation received by the state for the certified public expenditures of the hospital, or the governmental entity with which the hospital is affiliated, for inpatient hospital services rendered to Medi-Cal beneficiaries shall be paid to the hospital.

(b) With respect to each project year, each of the designated public hospitals shall receive an interim payment for each day of inpatient hospital services rendered to Medi-Cal beneficiaries based upon claims filed by the hospital in accordance with the claiming process set forth in Division 3 (commencing with Section 50000) of Title 22 of the California Code of Regulations. The interim per diem payment amount shall be based on estimated costs, which shall be derived from statistical data from the following sources and which shall be multiplied by the federal medical assistance percentage:

(1) For allowable costs reflected in the Medicare cost report, the cost report most recently audited by the hospital's Medicare fiscal intermediary adjusted by a trend factor to reflect increased costs, as approved by the federal Centers for Medicare and Medicaid Services for the demonstration project.

(2) For allowable costs not reflected in the Medicare cost report, each hospital shall provide hospital-specific cost data requested by the department. The department shall adjust the data by a trend factor as necessary to reflect project year allowable costs.

(c) Until the department commences making payments pursuant to subdivision (b), the department may continue to make fee-for-service, per diem payments to the designated public hospitals, pursuant to the selective provider contracting program in accordance with Article 2.6 (commencing with Section 14081), for services rendered on and after July 1, 2005, for a period of 120 days following the award of this demonstration. Per diem payments shall be adjusted retroactively to the amounts determined under the payment methodology prescribed in this article.

(d) No later than April 1 following the end of the project year, the department shall undertake an interim reconciliation of payments made pursuant to subdivisions (a) to (c), inclusive, based on Medicare and other cost and statistical data submitted by the hospital for the project year and shall adjust payments to the hospital accordingly.

(e) (1) The designated public hospitals shall receive supplemental reimbursement for the costs incurred for physician and nonphysician practitioner services provided to Medi-Cal beneficiaries who are patients of the hospital, to the extent that those services are not claimed as inpatient hospital services by the hospital and the costs of those services are not otherwise recognized under subdivision (a).

(2) Expenditures made by the designated public hospital, or a governmental entity with which it is affiliated, for the services identified in paragraph (1) shall be reduced by any payments received pursuant to Article 7 (commencing with Section 51501) of Title 22 of the California Code of Regulations. The remainder shall be certified by the appropriate public official and claimed by the department in accordance with Sections 14166.8 and 14166.9. These expenditures may include any of the following:

(A) Compensation to physicians or nonphysician practitioners pursuant to contracts with the designated public hospital.

(B) Salaries and related costs for employed physicians and nonphysician practitioners.

(C) The costs of interns, residents, and related teaching physician and supervision costs.

(D) Administrative costs associated with the services described in subparagraphs (A) to (C), inclusive, including billing costs.

(3) Designated public hospitals shall receive federal funding based on the expenditures identified and certified in paragraph (2). All federal financial participation received by the department for the certified public expenditures identified in paragraph (2) shall be paid to the designated public hospital, or a governmental entity with which it is affiliated.

(4) To the extent that the supplemental reimbursement received under this subdivision relates to services provided to hospital inpatients, the reimbursement shall be applied in determining whether the designated public hospital has received full baseline payments for purposes of paragraph (1) of subdivision (b) of Section 14166.21.

(5) Supplemental reimbursement under this subdivision may be distributed as part of the interim payments under subdivision (b), on a per-visit basis, on a per-procedure basis, or on any other federally permissible basis.

(6) The department shall submit for federal approval, by September 30, 2005, a proposed amendment to the Medi-Cal state plan to implement

this subdivision, retroactive to July 1, 2005, to the extent permitted by the federal Centers for Medicare and Medicaid Services. If necessary to obtain federal approval, the department may limit the application of this subdivision to costs determined allowable by the federal Centers for Medicare and Medicaid Services. If federal approval is not obtained, this subdivision shall not be implemented.

SEC. 87. Section 14199.2 of the Welfare and Institutions Code is amended to read:

14199.2. (a) The pilot program provided for under this article shall provide the necessary information to assess the effectiveness of pharmacist care in improving health outcomes for HIV/AIDS patients. If the department determines that the pilot program has shown that HIV/AIDS-related medication therapy management service is effective at improving the health outcomes of HIV/AIDS patients and is cost effective, then the department may seek federal authorization, through a state plan amendment or Medicaid waiver application, to receive federal financial participation for this service.

(b) The department shall implement an HIV/AIDS-related medication therapy management service pilot project in no more than 10 pharmacies.

(c) The selection of the pharmacy providers shall be based on all of the following:

(1) Percentage of HIV/AIDS patients serviced by the pharmacy. More than 90 percent of the total patients serviced by the pharmacy in the months of May, June, and July 2004, must have been HIV/AIDS patients.

(2) Ability of the pharmacy to immediately provide specialized services. The provider shall be required to establish specialized services with capability to implement all statutorily mandated services on the implementation date of the project. The pharmacy shall provide all the services listed in subdivision (e).

(3) All specialized services shall be rendered by a qualified pharmacist or other health care provider operating within his or her scope of practice. The department shall develop, in consultation with pharmacy providers, the appropriate professional qualifications needed by the pharmacists rendering services, including any continuing education requirements.

(d) The department shall select the first pharmacies that apply and meet the criteria specified in subdivision (c) for the pilot program.

(e) Pharmacies that participate in this pilot program shall provide the following services:

(1) Patient-specific and individualized services provided directly by a pharmacist to the patient, or in limited circumstances, the patient's caregiver. These services are distinct from generalized patient education and information activities already required by law and provided for in the professional fee for dispensing.

(2) Face-to-face interaction between the patient or caregiver and the pharmacist during delivery of medication therapy management services. When barriers to face-to-face communication exist, patients shall have equitable access to appropriate alternative delivery methods.

(3) Pharmacists and other qualified health care providers to identify patients who should receive medication therapy management services.

(f) The department shall consult with the pilot program pharmacies to establish appropriate outcome measures and the required timeframes for reporting those measures, which in no case shall be less than annually. The department shall retain the ability to require additional outcome measures during the course of the project.

(g) The medication therapy management services shall be based on the individual patient's needs and may include, but are not limited to, the following:

(1) Performing or obtaining necessary assessments of the patient's health status.

(2) Formulating a medication treatment plan.

(3) Selecting, initiating, modifying, or administering medication therapy.

(4) Monitoring and evaluating the patient's response to therapy, including safety and effectiveness.

(5) Performing a comprehensive medication review to identify, resolve, and prevent medication-related problems, including adverse drug events.

(6) Documenting the care delivered and communicating essential information to the patient's other primary care providers.

(7) Providing verbal education and training, beyond what is already required by law, that is designed to enhance patient understanding and appropriate use of the patient's medications.

(8) Providing information, support services, and resources, such as compliance packaging, designed to enhance patient adherence to his or her therapeutic regimens.

(9) Coordinating and integrating medication therapy management services within the broader health care management services being provided to the patient.

(10) Home delivery of medications.

(h) Participants in this pilot program shall be paid an additional dispensing fee of nine dollars and fifty cents (\$9.50) per prescription for services rendered after September 1, 2004.

(i) Notwithstanding any other provision of law, the department shall not make any payments for services listed in subdivision (g) that were rendered during any time period in which subdivision (b) of Section 14105.45 has been enjoined by a court order or is otherwise not in effect.

(j) Pilot project contracts under this section may be executed 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.

(k) Pharmacies shall maintain a sufficient quantity of HIV/AIDS medication in their inventories.

(l) Pharmacies shall purchase HIV medications from state licensed wholesalers.

SEC. 88. Section 14199.3 of the Welfare and Institutions Code is amended to read:

14199.3. This article shall remain in effect only until June 30, 2008, and as of that date is repealed, unless a later enacted statute that becomes effective on or before June 30, 2008, deletes or extends that date.

SEC. 89. Section 14262 of the Welfare and Institutions Code is amended to read:

14262. (a) "Actuarial methods" mean any reasonable and adequate method of computing or determining prospective per capita rates of payment which is based upon various assumptions, including "experience data," to determine the expected cost and expected frequency of utilization (by aid category, age and sex) for each component or grouping of services and other requirements for which the rate or rates will serve as compensation or reimbursement. Initially, expected cost and utilization information shall be developed from recent experience data and then projected over the period for which the per capita rates are to be effective. Such a projection shall be adjusted to take into consideration various actuarial factors, including inflation and requirements, if any, which exceed the program or basis from which the experience data is derived.

(b) "Experience data" mean cost and utilization data from the Medi-Cal fee-for-service or prepaid health plan programs. Such data shall be sufficient in quantity and extent to provide credibility.

(c) "Actuarial equivalence" means the actual per capita costs for Medi-Cal beneficiaries adjusted by age, sex, aid category, and other appropriate factors so as to be comparable with the costs of prepaid health plan enrollees.

(d) "Actuary" or "consulting actuary" means a person who has engaged in the practice of actuarial science and has demonstrated, by training and experience, actuarial competence to the director.

(e) This section shall become inoperative on August 1, 2007, and as of January 1, 2008, is repealed.

SEC. 90. Section 14301.1 is added to the Welfare and Institutions Code, to read:

14301.1. (a) For rates established on or after August 1, 2007, the department shall pay capitation rates to health plans participating in the

Medi-Cal managed care program using actuarial methods and may establish health plan and county specific rates. The department shall utilize a county and model specific rate methodology to develop Medi-Cal managed care capitation rates for contracts entered into between the department and any entity pursuant to Article 2.7 (commencing with Section 14087.3), Article 2.8 (commencing with Section 14087.5), and Article 2.91 (commencing with Section 14089) of Chapter 7 that includes, but is not limited to, all of the following:

(1) Health plan specific encounter and claims data.
(2) Supplemental utilization and cost data submitted by the health plans.

(3) Fee-for-service data for the underlying county of operation or other appropriate counties as deemed necessary by the department.

(4) Department of Managed Health Care financial statement data specific to Medi-Cal operations.

(5) Other demographic factors, such as age, gender, or diagnostic-based risk adjustments, as the department deems appropriate.

(b) To the extent that the department is unable to obtain sufficient actual plan data, it may substitute plan model, similar plan, or county specific fee-for-service data.

(c) The department shall develop rates that include administrative costs, and may apply different administrative costs with respect to separate aid code groups.

(d) The department shall develop rates that shall include, but are not limited to, assumptions for underwriting, return on investment, risk, contingencies, changes in policy, and a detailed review of health plan financial statements to validate and reconcile costs for use in developing rates.

(e) The department may develop rates that pay plans based on performance incentives, including quality indicators, access to care, and data submission.

(f) The department may develop and adopt condition-specific payment rates for health conditions, including, but not limited to, childbirth delivery.

(g) Prior to finalizing Medi-Cal managed care capitation rates, the department shall provide health plans with information on how the rates were developed, including rate sheets for that specific health plan, and provide the plans with the opportunity to provide additional supplemental information.

(h) For the purposes of developing capitation rates through implementation of this ratesetting methodology, Medi-Cal managed care health plans shall provide the department with financial and utilization data in a form and substance as deemed necessary by the department to

establish rates. This data shall be considered proprietary and shall be exempt from disclosure as official information pursuant to subdivision (k) of Section 6254 of the Government Code as contained in the California Public Records Act.

(i) The department shall report, upon request, to the fiscal and policy committees of the respective houses of the Legislature regarding implementation of this section.

SEC. 91. Section 14464.5 of the Welfare and Institutions Code is amended to read:

14464.5. (a) For purposes of this article, the following definitions apply:

(1) "Capitation payment" means the monthly amount paid by the state to a designated Medi-Cal managed care plan in exchange for contracted health care services procured by means of the Medi-Cal managed care contracts described in paragraph (3).

(2) "Capitation rate" means the per member per month rate used to calculate the capitation payments.

(3) "Medi-Cal managed care plan" means any Medi-Cal managed care plan contracting with the department to provide services to enrolled Medi-Cal beneficiaries pursuant to Article 2.7 (commencing with Section 14087.3), Article 2.9 (commencing with Section 14088), Article 2.91 (commencing with Section 14089), and Section 14087.51 of Chapter 7, or pursuant to this chapter, and that is also an organization that meets the criteria in Section 1396b(w)(7)(A)(viii) of Title 42 of the United States Code.

(4) "Total operating revenue" means non-Medicare amounts received by a managed care plan for the coverage or providing of all health care services, including amounts received in exchange for health care procured by means of a Medi-Cal managed care contract as described in paragraph (3). Total operating revenue does not include amounts received by a managed care plan pursuant to a subcontract with a Medi-Cal managed care plan to provide health care services to Medi-Cal beneficiaries.

(b) The department shall impose, on an annual basis, a quality improvement fee no earlier than January 1, 2005. The quality improvement fee shall be paid to the state monthly and shall be up to 6 percent of each Medi-Cal managed care plan's total operating revenue. The quality improvement fee shall be subject to all of the following provisions:

(1) The quality improvement fee shall be paid monthly to the state and is due within 15 calendar days following the close of each month and shall be calculated on the prior month's total operating revenue as defined in paragraph (4) of subdivision (a).

(2) The quality improvement fee shall be deposited in the General Fund.

(3) If the Medi-Cal managed care plan does not timely pay the quality improvement fee, or any part thereof, the department may offset the amount of the fee that is unpaid against any amounts due from the state to the Medi-Cal managed care plan. Notwithstanding any such offset, the methodology for determining the fee as set forth in this subdivision shall be followed.

(4) The department shall make retrospective adjustments as necessary to the amounts calculated pursuant to this subdivision in order to assure that the Medi-Cal managed care plan's aggregate quality improvement fee for any particular state fiscal year does not exceed 6 percent of the total operating revenue for the Medi-Cal managed care plan for that year.

(5) If, on account of delay in the adoption of the annual Budget Act, or for any other reason, a Medi-Cal managed care plan is not paid by the department for a period in excess of 30 days, the payment date for the fee specified in paragraph (1) shall be extended until 45 days following the date that regular payments are resumed to the plans.

(6) On or before August 31 of each year, each Medi-Cal managed care plan subject to the quality improvement fee shall report to the department, in a prescribed form, the plan's total operating revenue as defined in paragraph (4) of subdivision (a) for the preceding state fiscal year.

(7) Any fee imposed pursuant to this section shall not be considered to be an administrative cost for purposes of Section 1378 of the Health and Safety Code, Section 14087.101, 14087.103, or 14087.105, or any regulation adopted pursuant to those sections.

(c) (1) The department shall implement this section in a manner that complies with federal requirements. If the department is unable to comply with the federal requirements for federal matching funds under this section, the quality improvement fee shall not be assessed or collected.

(2) The director may alter the methodology specified in this section for calculating the quality improvement fee to the extent necessary to meet the requirement of federal law or regulations.

(3) If, after implementation of this section, federal disapproval of the quality improvement fee program as described in this section occurs, any fees paid by the plans to the department in any period for which such disapproval is effective shall be refunded to the plans.

(d) In addition to the Medi-Cal capitation rates that a Medi-Cal managed care plan would otherwise receive for providing services to Medi-cal beneficiaries, the capitation rates shall be increased in an amount determined by the department, subject to the following requirements:

(1) The additional Medi-Cal reimbursement provided by this section shall be distributed under a capitation payment methodology or on any other federally permissible basis.

(2) The additional Medi-Cal reimbursement provided by this section shall not supplant the payments otherwise due to any Medi-Cal managed care plan in the absence of such an additional reimbursement.

(3) Additional reimbursement provided by this section to any particular Medi-Cal managed care plan shall not cause the total reimbursement paid to that plan to exceed any applicable limit on payments as established pursuant to federal law and regulations.

(e) The director, or his or her designee, shall administer this section.

(f) The director may adopt regulations as are necessary to implement this section. These regulations shall be adopted as emergency regulations 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). For purposes of this section, the adoption of regulations shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, and safety or general welfare. The regulations shall include, but not be limited to, any regulations necessary for either of the following purposes:

(1) The administration of this section, including the proper imposition and collection of the quality improvement fees.

(2) The development of any forms necessary to calculate, notify, collect, and distribute the quality improvement fees.

(g) As an alternative to subdivision (f), and notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the director may implement this section by means of a provider bulletin, contract amendment, policy letter, or other similar instructions, without taking regulatory action.

(h) To the extent permitted by federal law, any limitation on rates to the Medi-Cal managed care plan based on Medi-Cal fee-for-service costs shall be increased to include any capitation rate increase related to the quality improvement fee in subdivision (b).

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

SEC. 92. 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, 2010, and as of that date is repealed, unless a later enacted statute that becomes effective on or before January 1, 2010, deletes or extends that date.

SEC. 93. Section 14499.5 of the Welfare and Institutions Code is amended to read:

14499.5. (a) (1) In carrying out the intent of this article, the director shall contract for the operation of one local pilot program. Special consideration shall be given to approving a program contracted through county government in Santa Barbara County.

(2) Notwithstanding the limitations contained in Section 14490, the director may enter into, or extend, contracts with the local pilot program in Santa Barbara County pursuant to paragraph (1) for periods that do not exceed three years.

(b) The establishment of a pilot program pursuant to this section shall be contingent upon the availability of state and federal funding. The program shall include the following components:

(1) Local authority for administration, fiscal management, and delivery of services, but not including eligibility determination.

- (2) Physician case management.
- (3) Cost containment through provider incentives and other means.
- (c) The program for the pilot project shall include a plan and budget for delivery of services, administration, and evaluation. During the first year of the pilot program, the amount of the state contract shall equal 95 percent of total projected Medi-Cal expenditures for delivery of services and for administration based on fee-for-service conditions in the program county. During the remaining years of the pilot project Medi-Cal expenditures in the program county shall be no more than 100 percent of total projected expenditures for delivery of services and for administration based on any combination of the following paragraphs:
 - (1) Relevant prior fee-for-service Medi-Cal experience in the program county.
 - (2) The fee-for-service Medi-Cal experience in comparable counties or groups of counties.
 - (3) Medi-Cal experience of the pilot project in the program county if, as determined by the department, the scope, level, and duration of, and expenditures for, any services used in setting the rates under this paragraph would be comparable to fee-for-service conditions were they to exist in the program county and would be more actuarially reliable for use in ratesetting than data available for use in applying paragraph (1) or (2).The projected total expenditure shall be determined annually according to an acceptable actuarial process. The data elements used by the department shall be shared with the proposed contractor.
- (d) The director shall accept or reject the proposal within 30 days after the date of receipt. If a decision is made to reject the proposal, the director shall set forth the reasons for this decision in writing. Upon approval of the proposal, a contract shall be written within 60 days. After signature by the local contractor, the State Department of Health Care Services and the Department of General Services shall execute the contract within 60 days.
- (e) The director shall seek the necessary state and federal waivers to enable operation of the program. If the federal waivers for delivery of services under this plan are not granted, the department is under no obligation to contract for implementation of the program.
- (f) For purposes of Section 1343 of the Health and Safety Code, the Santa Barbara Regional Health Authority shall be considered to be a county-operated pilot program contracting with the State Department of Health Care Services pursuant to this article, and notwithstanding any other provision of law, during the period that this contract is in effect, the contractor shall be exempt from the provisions of 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, relative to the services provided to Medi-Cal beneficiaries under the terms and provisions of the pilot program.

(g) Dental services may be included within the services provided in this pilot program.

(h) Any federal demonstration funding for this pilot program shall be made available to the county within 60 days upon notification of the award without the state retaining any portion not previously specified in the grant application as submitted.

(i) (1) (A) The department may negotiate exclusive contracts and rates with the Santa Barbara Regional Health Authority in the implementation of this section.

(B) Contracts entered into under this article may be on a noncompetitive bid basis and shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code.

(C) The department shall enter into contracts pursuant to this article, and shall be bound by the terms and conditions related to the rates negotiated by the negotiator.

(2) The department shall implement this subdivision to the extent that the following apply:

(A) Its implementation does not revise the status of the pilot program as a federal demonstration project.

(B) Existing federal waivers apply to the pilot program as revised by this subdivision, or the federal government extends the applicability of the existing federal waivers or authorizes additional federal waivers for the implementation of the program.

(3) The implementation of this subdivision shall not affect the pilot program's having met any of the requirements of Part 3.5 (commencing with Section 1175) of Division 1 of the Health and Safety Code and this division applicable to the pilot program with respect to the negotiations of contracts and rates by the department.

SEC. 94. Section 16809 of the Welfare and Institutions Code 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 governing board shall have responsibilities for specified health services to county residents certified eligible for those services by the county.

(2) The board of supervisors of a county that has contracted with the governing board pursuant to paragraph (1) may also contract with the governing board for the delivery of health care and health-related services to county residents other than under the County Medical Services Program by adopting a resolution to that effect. The governing board shall have responsibilities for the delivery of specified health services to county residents as agreed upon by the governing board and the county. Participation by a county pursuant to this paragraph shall be voluntary, and funds shall be provided solely by the county.

(b) The governing board may contract with the department or any other person or entity to administer the County Medical Services Program.

(1) If the 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 as determined by the governing board.

(B) Provisions for payment of expenses of the 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.

(E) Provisions for the department to administer the County Medical Services Program pursuant to regulations adopted by the governing board or as otherwise determined by the governing board.

(F) Provisions requiring that the governing board reimburse the state costs of providing administrative support to the County Medical Services Program in accordance with amounts determined between the governing board and the department.

(2) If the governing board does not contract with the department for administration of the County Medical Services Program, the governing board may contract with the department for specified services to assist in the administration of that program. Any contract with the department under this paragraph shall require that the governing board reimburse the state costs of providing administrative support.

(3) The department shall not be liable for any costs related to decisions of the governing board that are in excess of those set forth in the contract between the department and the governing board.

(c) Each county intending to participate in the County Medical Services Program pursuant to this section shall submit to the governing board 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.

(d) A county participating in the County Medical Services Program pursuant to this section, or a county contracting with the governing board pursuant to paragraph (2) or (3) of subdivision (a), or participating in a pilot project or contracting with the governing board for an alternative product pursuant to Section 16809.4, shall not be relieved of its indigent health care obligation under Section 17000.

(e) (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 (n).

(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, unless otherwise determined by the governing board.

(f) Moneys in the program account shall be used by the governing board, or by the department if the department contracts with the governing board for this purpose, to pay for health care services provided to the persons meeting the eligibility criteria established pursuant to subdivision (j) and to pay the governing board expenses and program administrative costs. In addition, moneys in this account may be used to reimburse the department for state costs pursuant to subparagraph (F) of paragraph (1) of subdivision (b).

(g) (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, notwithstanding Section 16305.7 of the Government Code.

(B) All interest deposited pursuant to subparagraph (A) shall be available to reimburse program-covered services, governing board expenses, and program administrative costs.

(h) The governing board shall establish a reserve account for the purpose of depositing funds for the payment of claims and unexpected contingencies. Funds in the reserve account in excess of the amounts

the governing board determines necessary for these purposes shall be available for expenditures in years when program expenditures exceed program funds, and to augment the rates, benefits, or eligibility criteria under the program.

(i) (1) Counties shall pay participation fees as established by the 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 governing board.

(3) Payments made pursuant to this subdivision shall be deposited in the program account, unless otherwise directed by the governing board.

(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) 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, 2005–06, 2006–07, and 2007–08 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, 2005–06, 2006–07, and 2007–08 fiscal years.

(B) For the 1999–2000, 2000–01, 2001–02, 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 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, 2005–06, 2006–07, and 2007–08 fiscal years.

(C) (i) The governing board shall establish uniform eligibility criteria and benefits among all counties participating in the County Medical Services Program listed in paragraph (2). For counties that are not listed in paragraph (2) and that elect to participate pursuant to paragraph (1)

of subdivision (a), the eligibility criteria and benefit structure may vary from those of counties participating pursuant to paragraph (2) of subdivision (a).

(ii) Notwithstanding clause (i), the governing board may establish and maintain pilot projects to identify or test alternative approaches for determining eligibility or for providing or paying for benefits under the County Medical Services Program, and may develop and implement alternative products with varying levels of eligibility criteria and benefits outside of the County Medical Services Program.

(2) For the 1991–92 fiscal year, and each year thereafter, 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
Lake.....	1,022,963
Lassen.....	687,113
Madera.....	2,882,147
Marin.....	7,725,909
Mariposa.....	435,062
Mendocino.....	1,654,999
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 subparagraph (A) plus the amount determined pursuant to subparagraph (B), minus the amount specified by the governing board as participation fees.

(A)

Jurisdiction	Amount
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 governing board before a county is permitted to participate in the County Medical Services Program.

(4) The specific amounts and method of apportioning risk to each participating county may be adjusted by the 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 may be pursued.

(n) 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.

(o) Moneys appropriated from the General Fund to meet the state risk, as set forth in subparagraph (A) of paragraph (1) of subdivision (j), shall not be available for those counties electing to disenroll from the County Medical Services Program.

SEC. 95. Section 24005 of the Welfare and Institutions Code is amended to read:

24005. (a) This section shall apply to the Family Planning Access Care and Treatment Waiver program identified in subdivision (aa) of Section 14132 and this program.

(b) Only licensed medical personnel with family planning skills, knowledge, and competency may provide the full range of family planning medical services covered in this program.

(c) Medi-Cal enrolled providers, as determined by the department, shall be eligible to provide family planning services under the program when these services are within their scope of practice and licensure. Those clinical providers electing to participate in the program and approved by the department shall provide the full scope of family planning education, counseling, and medical services specified for the program, either directly or by referral, consistent with standards of care issued by the department.

(d) The department shall require providers to enter into clinical agreements with the department to ensure compliance with standards and requirements to maintain the fiscal integrity of the program. Provider applicants, providers, and persons with an ownership or control interest, as defined in federal medicaid regulations, shall be required to submit to the department their social security numbers to the full extent allowed under federal law. All state and federal statutes and regulations pertaining to the audit or examination of Medi-Cal providers shall apply to this program.

(e) Clinical provider agreements shall be signed by the provider under penalty of perjury. The department may screen applicants at the initial application and at any reapplication pursuant to requirements developed by the department to determine provider suitability for the program.

(f) The department may complete a background check on clinical provider applicants for the purpose of verifying the accuracy of information provided to the department for purposes of enrolling in the program and in order to prevent fraud and abuse. The background check may include, but not be limited to, unannounced onsite inspection prior to enrollment, review of business records, and data searches. If discrepancies are found to exist during the preenrollment period, the department may conduct additional inspections prior to enrollment. Failure to remediate significant discrepancies as prescribed by the director may result in denial of the application for enrollment. Providers that do not provide services consistent with the standards of care or that do not comply with the department's rules related to the fiscal integrity of the program may be disenrolled as a provider from the program at the sole discretion of the department.

(g) The department shall not enroll any applicant who, within the previous 10 years:

(1) Has been convicted of any felony or misdemeanor that involves fraud or abuse in any government program, that relates to neglect or abuse of a patient in connection with the delivery of a health care item or service, or that is in connection with the interference with, or obstruction of, any investigation into health care related fraud or abuse.

(2) Has been found liable for fraud or abuse in any civil proceeding, or that has entered into a settlement in lieu of conviction for fraud or abuse in any government program.

(h) In addition, the department may deny enrollment to any applicant that, at the time of application, is under investigation by the department or any local, state, or federal government law enforcement agency for fraud or abuse. The department shall not deny enrollment to an otherwise qualified applicant whose felony or misdemeanor charges did not result in a conviction solely on the basis of the prior charges. If it is discovered that a provider is under investigation by the department or any local, state, or federal government law enforcement agency for fraud or abuse, that provider shall be subject to immediate disenrollment from the program.

(i) (1) The program shall disenroll as a program provider any individual who, or any entity that, has a license, certificate, or other approval to provide health care, which is revoked or suspended by a federal, California, or other state's licensing, certification, or other approval authority, has otherwise lost that license, certificate, or approval, or has surrendered that license, certificate, or approval while a disciplinary hearing on the license, certificate, or approval was pending. The disenrollment shall be effective on the date the license, certificate, or approval is revoked, lost, or surrendered.

(2) A provider shall be subject to disenrollment if the provider submits claims for payment for the services, goods, supplies, or merchandise provided, directly or indirectly, to a program beneficiary, by an individual or entity that has been previously suspended, excluded, or otherwise made ineligible to receive, directly or indirectly, reimbursement from the program or from the Medi-Cal program and the individual has previously been listed on either the Suspended and Ineligible Provider List, which is published by the department, to identify suspended and otherwise ineligible providers or any list published by the federal Office of the Inspector General regarding the suspension or exclusion of individuals or entities from the federal Medicare and medicaid programs, to identify suspended, excluded, or otherwise ineligible providers.

(3) The department shall deactivate, immediately and without prior notice, the provider numbers used by a provider to obtain reimbursement

from the program when warrants or documents mailed to a provider's mailing address, its pay to address, or its service address, if any, are returned by the United States Postal Service as not deliverable or when a provider has not submitted a claim for reimbursement from the program for one year. Prior to taking this action, the department shall use due diligence in attempting to contact the provider at its last known telephone number and to ascertain if the return by the United States Postal Service is by mistake and shall use due diligence in attempting to contact the provider by telephone or in writing to ascertain whether the provider wishes to continue to participate in the Medi-Cal program. If deactivation pursuant to this section occurs, the provider shall meet the requirements for reapplication as specified in regulation.

(4) For purposes of this subdivision:

(A) "Mailing address" means the address that the provider has identified to the department in its application for enrollment as the address at which it wishes to receive general program correspondence.

(B) "Pay to address" means the address that the provider has identified to the department in its application for enrollment as the address at which it wishes to receive warrants.

(C) "Service address" means the address that the provider has identified to the department in its application for enrollment as the address at which the provider will provide services to program beneficiaries.

(j) Subject to Article 4 (commencing with Section 19130) of Chapter 5 of Division 5 of Title 2 of the Government Code, the department may enter into contracts to secure consultant services or information technology including, but not limited to, software, data, or analytical techniques or methodologies for the purpose of fraud or abuse detection and prevention. Contracts under this section shall be exempt from the Public Contract Code.

(k) Enrolled providers shall attend specific orientation approved by the department in comprehensive family planning services. Enrolled providers who insert IUDs or contraceptive implants shall have received prior clinical training specific to these procedures.

(l) Upon receipt of reliable evidence that would be admissible under the administrative adjudication provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, of fraud or willful misrepresentation by a provider under the program or commencement of a suspension under Section 14123, the department may do any of the following:

(1) Collect any State-Only Family Planning program or Family Planning Access Care and Treatment Waiver program overpayment identified through an audit or examination, or any portion thereof from

any provider. Notwithstanding Section 100171 of the Health and Safety Code, a provider may appeal the collection of overpayments under this section pursuant to procedures established in Article 5.3 (commencing with Section 14170) of Part 3 of Division 9. Overpayments collected under this section shall not be returned to the provider during the pendency of any appeal and may be offset to satisfy audit or appeal findings, if the findings are against the provider. Overpayments shall be returned to a provider with interest if findings are in favor of the provider.

(2) Withhold payment for any goods or services, or any portion thereof, from any State-Only Family Planning program or Family Planning Access Care and Treatment Waiver program provider. The department shall notify the provider within five days of any withholding of payment under this section. The notice shall do all of the following:

(A) State that payments are being withheld in accordance with this paragraph and that the withholding is for a temporary period and will not continue after it is determined that the evidence of fraud or willful misrepresentation is insufficient or when legal proceedings relating to the alleged fraud or willful misrepresentation are completed.

(B) Cite the circumstances under which the withholding of the payments will be terminated.

(C) Specify, when appropriate, the type or types of claimed payments being withheld.

(D) Inform the provider of the right to submit written evidence that is evidence that would be admissible under the administrative adjudication provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, for consideration by the department.

(3) Notwithstanding Section 100171 of the Health and Safety Code, a provider may appeal a withholding of payment under this section pursuant to Section 14043.65. Payments withheld under this section shall not be returned to the provider during the pendency of any appeal and may be offset to satisfy audit or appeal findings.

(m) As used in this section:

(1) "Abuse" means either of the following:

(A) Practices that are inconsistent with sound fiscal or business practices and result in unnecessary cost to the medicaid program, the Medicare program, the Medi-Cal program, including the Family Planning Access Care and Treatment Waiver program, identified in subdivision (aa) of Section 14132, another state's medicaid program, or the State-Only Family Planning program, or other health care programs operated, or financed in whole or in part, by the federal government or any state or local agency in this state or any other state.

(B) Practices that are inconsistent with sound medical practices and result in reimbursement, by any of the programs referred to in subparagraph (A) or other health care programs operated, or financed in whole or in part, by the federal government or any state or local agency in this state or any other state, for services that are unnecessary or for substandard items or services that fail to meet professionally recognized standards for health care.

(2) "Fraud" means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or herself or some other person. It includes any act that constitutes fraud under applicable federal or state law.

(3) "Provider" means any individual, partnership, group, association, corporation, institution, or entity, and the officers, directors, owners, managing employees, or agents of any partnership, group, association, corporation, institution, or entity, that provides services, goods, supplies, or merchandise, directly or indirectly, to a beneficiary and that has been enrolled in the program.

(4) "Convicted" means any of the following:

(A) A judgment of conviction has been entered against an individual or entity by a federal, state, or local court, regardless of whether there is a post-trial motion or an appeal pending or the judgment of conviction or other record relating to the criminal conduct has been expunged or otherwise removed.

(B) A federal, state, or local court has made a finding of guilt against an individual or entity.

(C) A federal, state, or local court has accepted a plea of guilty or nolo contendere by an individual or entity.

(D) An individual or entity has entered into participation in a first offender, deferred adjudication, or other program or arrangement where judgment of conviction has been withheld.

(5) "Professionally recognized standards of health care" means statewide or national standards of care, whether in writing or not, that professional peers of the individual or entity whose provision of care is an issue, recognize as applying to those peers practicing or providing care within a state. When the United States Department of Health and Human Services has declared a treatment modality not to be safe and effective, practitioners that employ that treatment modality shall be deemed not to meet professionally recognized standards of health care. This definition shall not be construed to mean that all other treatments meet professionally recognized standards of care.

(6) "Unnecessary or substandard items or services" means those that are either of the following:

(A) Substantially in excess of the provider's usual charges or costs for the items or services.

(B) Furnished, or caused to be furnished, to patients, whether or not covered by Medicare, medicaid, or any of the state health care programs to which the definitions of applicant and provider apply, and which are substantially in excess of the patient's needs, or of a quality that fails to meet professionally recognized standards of health care. The department's determination that the items or services furnished were excessive or of unacceptable quality shall be made on the basis of information, including sanction reports, from the following sources:

(i) The professional review organization for the area served by the individual or entity.

(ii) State or local licensing or certification authorities.

(iii) Fiscal agents or contractors, or private insurance companies.

(iv) State or local professional societies.

(v) Any other sources deemed appropriate by the department.

(7) "Enrolled or enrollment in the program" means authorized under any and all processes by the department or its agents or contractors to receive, directly or indirectly, reimbursement for the provision of services, goods, supplies, or merchandise to a program beneficiary.

(n) In lieu of, or in addition to, the imposition of any other sanctions available, including the imposition of a civil penalty under Sections 14123.2 or 14171.6, the program may impose on providers any or all of the penalties pursuant to Section 14123.25, in accordance with the provisions of that section. In addition, program providers shall be subject to the penalties contained in Section 14107.

(o) (1) Notwithstanding any other provision of law, every primary supplier of pharmaceuticals, medical equipment, or supplies shall maintain accounting records to demonstrate the manufacture, assembly, purchase, or acquisition and subsequent sale, of any pharmaceuticals, medical equipment, or supplies, to providers. Accounting records shall include, but not be limited to, inventory records, general ledgers, financial statements, purchase and sales journals, and invoices, prescription records, bills of lading, and delivery records.

(2) For purposes of this subdivision, the term "primary supplier" means any manufacturer, principal labeler, assembler, wholesaler, or retailer.

(3) Accounting records maintained pursuant to paragraph (1) shall be subject to audit or examination by the department or its agents. The audit or examination may include, but is not limited to, verification of what was claimed by the provider. These accounting records shall be maintained for three years from the date of sale or the date of service.

(p) Each provider of health care services rendered to any program beneficiary shall keep and maintain records of each service rendered, the beneficiary to whom rendered, the date, and such additional information as the department may by regulation require. Records required to be kept and maintained pursuant to this subdivision shall be retained by the provider for a period of three years from the date the service was rendered.

(q) A program provider applicant or a program provider shall furnish information or copies of records and documentation requested by the department. Failure to comply with the department's request shall be grounds for denial of the application or automatic disenrollment of the provider.

(r) A program provider may assign signature authority for transmission of claims to a billing agent subject to Sections 14040, 14040.1, and 14040.5.

(s) Moneys payable or rights existing under this division shall be subject to any claim, lien, or offset of the State of California, and any claim of the United States of America made pursuant to federal statute, but shall not otherwise be subject to enforcement of a money judgment or other legal process, and no transfer or assignment, at law or in equity, of any right of a provider of health care to any payment shall be enforceable against the state, a fiscal intermediary, or carrier.

SEC. 96. (a) Of the funds appropriated in Item 4265-111-0001 of Section 2.00 of the Budget Act of 2007 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 2007–08 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 Emergency Medical Services 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 Emergency Medical Services 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 Emergency Medical Services 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 the special fee schedule.

SEC. 97. The State Department of Mental Health, in direct collaboration with the State Department of Health Care Services as the state's lead Medicaid entity, shall provide the fiscal and policy committees of the Legislature with specified work products as contained in the State Department of Mental Health workplan. The purpose of the workplan is to significantly improve the management of fiscal systems as they pertain to the Medi-Cal program, including the Early, Periodic Screening and Diagnosis and Treatment Program, Mental Health Managed Care, and Short/Doyle Medi-Cal services. The work products to be provided and their delivery dates include, at a minimum, the following:

(a) Accounting and Administrative Control Review recommendations (October 2007).

(b) A detailed implementation plan to implement Accounting and Administrative Control Review recommendations (March 2008).

(c) An action plan to address reforms regarding Mental Health Managed Care and Short/Doyle services (March 2008).

SEC. 98. The State Department of Mental Health, in direct collaboration with the State Department of Health Care Services as the state's lead Medicaid entity, shall provide the fiscal and policy committees of the Legislature, by no later than March 1, 2008, with a policy analysis of the San Mateo Pharmacy and Laboratory Services Project. At a minimum this policy analysis shall do the following:

(a) Articulate best practices learned from the pilot and whether these best practices could be replicated statewide.

(b) Offer suggestions to improve the project.

(c) Clarify the project's relationship to other local and statewide efforts related to pharmaceutical usage and purchasing, such as those conducted through the Health Plan of San Mateo and the CalMEND project, as well as others.

SEC. 99. The State Department of Mental Health shall provide the fiscal and policy committees of the Legislature, by no later than September 1, 2007, with their action plan to implement fiscal reforms regarding the San Mateo Pharmacy and Laboratory Services Project. This action plan shall respond to issues identified by the Office of State Audits and Evaluations, as well as any other applicable concerns identified by the department, stakeholders, and control agencies.

SEC. 100. (a) The State Department of Health Care Services shall issue an All County Welfare Directors Letter and a Medi-Cal Provider Bulletin regarding the Conlan v. Shewry Beneficiary Reimbursement process no later than October 1, 2007, which shall include, at a minimum, all of the following information:

(1) Persons eligible for Medi-Cal on or after June 27, 1997, are eligible for reimbursement of health care services paid out-of-pocket for Medi-Cal covered services during any of the following periods of time:

(A) The three months before an application for Medi-Cal was filed (retroactivity period).

(B) The time between when a Medi-Cal application was filed and was approved (evaluation period).

(C) After being approved for Medi-Cal (postapproval period).

(2) Payments made to a Medi-Cal provider are eligible for reimbursement, including improper copayments, improper share-of-cost amounts, or the cost of covered medical, mental health, IHSS, drug and alcohol or dental services. Payments made to a Medi-Cal provider are ineligible for reimbursement if the payments were for valid copayments or share of cost.

(3) Payments made to non-Medi-Cal providers are eligible for reimbursement if the services were received at either of the following times:

(A) On or before February 2, 2006, and the Medi-Cal eligible person had applied but not received a Medi-Cal card.

(B) During the 90-day retroactivity period prior to the person filing a Medi-Cal application.

(4) Medi-Cal beneficiaries are entitled to reimbursement of the full amount paid minus permissible cost-sharing amounts, not limited to the Medi-Cal rate, if reimbursement is made by the provider or by the State Department of Health Care Services when it has the ability to initiate a recoupment action against a provider. If the Medi-Cal provider has not made full reimbursement, the department shall initiate recoupment from the Medi-Cal provider if appropriate.

(5) Providers who reimburse a Medi-Cal beneficiary may submit claims for payment to the State Department of Health Care Services for those services provided notwithstanding the billing timeliness limitations for claims submissions, (pursuant to Title 42 Code of Federal Regulations, Section 447.45(d)(1) and California Code of Regulations, Title 22 of Division 3 of Sections 51000.8(a) and 51008.5) even if more than 12 months has elapsed since the service was provided. Claims for services that were provided from June 27, 1997, through November 16, 2006, inclusive, shall be submitted to the department by November 16, 2007, or within 90 days after issuance of the Medi-Cal card, whichever is longer. Claims for services provided on or after November 16, 2006, shall be received by the department within one calendar year after the date the service was rendered or within 90 days after issuance of the Medi-Cal card, whichever is longer.

(6) Medi-Cal providers shall either reimburse the beneficiary who requests payment or request a state hearing to contest the request for payment within 30 days of receipt of the letter from the State Department of Health Care Services. The time period for reimbursement may be extended upon a showing of good cause to the department. The reimbursement and recoupment process shall be stayed pending the outcome of the state hearing.

(b) The State Department of Health Care Services shall seek input from consumer advocates and provider representatives in developing the All County Welfare Directors Letter and the Provider Bulletin.

(c) The State Department of Health Care Services shall prominently post on its Web site information on the Conlan v. Shewry Reimbursement Process, including, at a minimum, the Conlan Implementation Plan that was approved by the superior court.

(d) Nothing in this section shall be construed to expand the legal duties of the State Department of Health Care Services under the Conlan v. Shewry Revised Implementation Plan that was approved by the San Francisco Superior Court on November 17, 2006.

SEC. 101. The adoption and readoption of regulations by the Managed Risk Medical Insurance Board pursuant to Section 12693.981 of the Insurance Code, shall be deemed to be an emergency and necessary for the immediate preservation of public peace, health, and safety, or general welfare. The board is hereby exempted from the requirements that it describe specific facts showing the need for immediate action and shall be exempt from review by the Office of Administrative Law. 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 regulation and submission of specified materials to the Office of Administrative Law, is hereby extended to 180 days.

SEC. 102. The Division of Licensing and Certification in the State Department of Public Health may temporarily revise rate structures within individual types of health facilities listed in Section 1266 of the Health and Safety Code during the 2007–08 fiscal year, provided that any revisions are revenue-neutral and do not shift costs between provider groups.

SEC. 102.3. The California Medical Assistance Commission (CMAC) and the State Department of Health Care Services shall report to the Legislature, through budget subcommittee hearings to be convened in 2008, regarding changes implemented in the 2007-08 fiscal year regarding Medi-Cal Managed Care reimbursement rates negotiated under the Geographic Managed Care model with respect to changes made pursuant to Section 14301.1 of the Welfare and Institutions Code concerning the use of health plan specific encounter and claims data, and the application of actuarial methods.

SEC. 102.5. (a) (1) The State Department of Developmental Services shall develop a plan of options for consideration by the Administration and the Legislature to better control regional center costs of operating and providing state-supported services. The options shall provide program efficiencies while protecting clients.

(2) The plan developed pursuant to paragraph (1) should include a wide range of options, with an analysis of advantages and disadvantages of each.

(b) The department shall submit the plan developed pursuant to subdivision (a) to the Joint Legislative Budget Committee and the fiscal and policy committees of the Legislature no later than October 1, 2007.

SEC. 102.7. (a) (1) The State Department of Mental Health shall develop a plan for the Early and Periodic Screening, Diagnosis, and

Treatment (EPSDT) Program for consideration by the Administration and the Legislature. The plan shall include all of the following:

- (A) Proposals for a statutory framework for the program.
- (B) Options for reforms that would control program costs.
- (C) Proposals to address the recommendations of the Department of Finance, Office of State Audits and Evaluation.

(2) In developing the plan, the department shall provide program efficiencies while protecting clients, and shall consult with the counties and consider the role of the counties in providing services under the program.

(3) The department shall submit the plan developed pursuant to this subdivision to the Joint Legislative Budget Committee and the fiscal and policy committees of the Legislature no later than March 1, 2008.

(b) The State Department of Mental Health shall work with the Legislature to develop an appropriate administrative structure for the EPSDT Program for implementation in the 2008–09 fiscal year, including enacting legislation to codify the administrative structure of the EPSDT Program.

SEC. 103. 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. 104. 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 2007 at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 189

An act to amend Section 674 of the Code of Civil Procedure, and to amend Section 2191.3 of the Revenue and Taxation Code, relating to court records.

[Approved by Governor August 31, 2007. Filed with
Secretary of State August 31, 2007.]

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

SECTION 1. Section 674 of the Code of Civil Procedure is amended to read:

674. (a) Except as otherwise provided in Section 4506 of the Family Code, an abstract of a judgment or decree requiring the payment of money shall be certified by the clerk of the court where the judgment or decree was entered and shall contain all of the following:

(1) The title of the court where the judgment or decree is entered and cause and number of the action.

(2) The date of entry of the judgment or decree and of any renewals of the judgment or decree and where entered in the records of the court.

(3) The name and last known address of the judgment debtor and the address at which the summons was either personally served or mailed to the judgment debtor or the judgment debtor's attorney of record.

(4) The name and address of the judgment creditor.

(5) The amount of the judgment or decree as entered or as last renewed.

(6) The last four digits of the social security number and driver's license number of the judgment debtor if they are known to the judgment creditor. If either or both of those sets of numbers are not known to the judgment creditor, that fact shall be indicated on the abstract of judgment.

(7) Whether a stay of enforcement has been ordered by the court and, if so, the date the stay ends.

(8) The date of issuance of the abstract.

(b) An abstract of judgment, recorded after January 1, 1979, that does not list the social security number and driver's license number of the judgment debtor, or either of them, as required by subdivision (a) or by Section 4506 of the Family Code, may be amended by the recording of a document entitled "Amendment to Abstract of Judgment." The Amendment to Abstract of Judgment shall contain all of the information required by this section or by Section 4506 of the Family Code, and shall set forth the date of recording and the book and page location in the records of the county recorder of the original abstract of judgment.

A recorded Amendment to Abstract of Judgment shall have priority as of the date of recordation of the original abstract of judgment, except as to any purchaser, encumbrancer, or lessee who obtained their interest after the recordation of the original abstract of judgment but prior to the recordation of the Amendment to Abstract of Judgment without actual notice of the original abstract of judgment. The purchaser, encumbrancer, or lessee without actual notice may assert as a defense against enforcement of the abstract of judgment the failure to comply with this section or Section 4506 of the Family Code regarding the contents of

the original abstract of judgment notwithstanding the subsequent recordation of an Amendment to Abstract of Judgment. With respect to an abstract of judgment recorded between January 1, 1979, and July 10, 1985, the defense against enforcement for failure to comply with this section or Section 4506 of the Family Code may not be asserted by the holder of another abstract of judgment or involuntary lien, recorded without actual notice of the prior abstract, unless refusal to allow the defense would result in prejudice and substantial injury as used in Section 475. The recordation of an Amendment to Abstract of Judgment does not extend or otherwise alter the computation of time as provided in Section 697.310.

(c) (1) The abstract of judgment shall be certified in the name of the judgment debtor as listed on the judgment and may also include the additional name or names by which the judgment debtor is known as set forth in the affidavit of identity, as defined in Section 680.135, filed by the judgment creditor with the application for issuance of the abstract of judgment. Prior to the clerk of the court certifying an abstract of judgment containing any additional name or names by which the judgment debtor is known that are not listed on the judgment, the court shall approve the affidavit of identity. If the court determines, without a hearing or a notice, that the affidavit of identity states sufficient facts upon which the judgment creditor has identified the additional names of the judgment debtor, the court shall authorize the certification of the abstract of judgment with the additional name or names.

(2) The remedies provided in Section 697.410 apply to a recorded abstract of a money judgment based upon an affidavit of identity that appears to create a judgment lien on real property of a person who is not the judgment debtor.

SEC. 2. Section 2191.3 of the Revenue and Taxation Code is amended to read:

2191.3. (a) The tax collector may make the filing specified in subdivision (b) where either of the following occurs:

(1) There is a tax on any of the following:

(A) A possessory interest secured only by a lien on that taxed possessory interest.

(B) Goods in transit, not secured by any lien on real property.

(C) Improvements that have been assessed pursuant to Section 2188.2.

(D) Off-roll taxes on escape assessments where the error was not the fault of the assessee and the escape taxes are being paid pursuant to Section 4837.5.

(E) Unsecured property not secured by a lien on any real property, and where the tax has become delinquent or where there are prior unpaid and delinquent taxes with respect to that same property.

(2) A tax has been entered on the unsecured roll pursuant to Section 482, 531.2, or 4836.5, or transferred to the unsecured roll pursuant to any provision of law.

(b) A filing for record without fee in the office of the county recorder of any county of a certificate specifying the amount due, the name, the last four digits of his or her federal social security number, if known, and last known address of the assessee liable for the amount, and compliance with all provisions of this division with respect to the computation and levy of the tax if compliance has in fact occurred. The procedure authorized by this section is cumulative to the procedure provided by Sections 2951 and 3003. The county recorder shall, within 30 days after a filing as described in this subdivision with respect to delinquent taxes on unsecured property, send a notice of the filing to the assessee at the assessee's last known address. The notice shall contain the information contained in the filing, and shall prominently display on its face the following heading:

**“THIS IS TO NOTIFY YOU THAT A TAX LIEN HAS BEEN FILED
WITH RESPECT TO UNSECURED PROPERTY”**

CHAPTER 190

An act to add and repeal Article 10 (commencing with Section 6050) of Chapter 9 of Part 1 of Division 4 of the Food and Agricultural Code, relating to the light brown apple moth, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 7, 2007. Filed with
Secretary of State September 7, 2007.]

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

SECTION 1. This act shall be known as the Light Brown Apple Moth Act of 2007.

SEC. 2. Article 10 (commencing with Section 6050) is added to Chapter 9 of Part 1 of Division 4 of the Food and Agricultural Code, to read:

Article 10. Light Brown Apple Moth

6050. The Legislature hereby finds and declares all of the following:

(a) The introduction of the light brown apple moth represents a clear, present, significant, and imminent danger to California's natural environment and agricultural industry. This is an insect species that feeds on over 250 species of native and ornamental plants, fruits, and vegetables.

(b) The introduction of the light brown apple moth also represents a clear, present, significant, and imminent threat to California's native areas as it will feed on alder, ceanothus, columbine, cottonwood, cypress, ferns, fir, hawthorn, honeysuckle, lupine, madrone, oak, pine, poplar, redwood, spruce, and willow.

(c) The general area of the infestation contains numerous sensitive plant and animal species and habitats. There is an imminent threat for adverse effect and ultimate extinction to some of these sensitive species if this pest becomes permanently established in California.

(d) The State of California has a great interest in protecting its native species and agricultural products from further harm caused by the introduction of the light brown apple moth.

(e) The light brown apple moth is currently found in the urban and natural areas in all parts of nine California counties and could move into agricultural croplands.

(f) Valued at \$31.7 billion in 2005, California's agricultural economy continues to rank first in the nation constituting 13.3 percent of the total United States agricultural economy value in 2005. It is estimated to have a minimum potential impact of \$133 million to only four of the potentially impacted crops (apples, pears, oranges, and grapes) and environmental impact from increased pesticide use.

(g) To avoid potentially catastrophic loss to some of California's most important industries and to native species, the Legislature declares that this article is in the interest of the public health and welfare.

(h) This article is not intended to establish a precedent, or to supersede, reduce, or in any way alter government funding related to plant pest eradication and control in this state.

6050.1. (a) There is hereby created in the Department of Food and Agriculture the Light Brown Apple Moth Program.

(b) The Secretary of Food and Agriculture shall provide, subject to available funding and other resources, an appropriate level of support staffing and logistical support for eradicating the light brown apple moth.

(c) (1) There is hereby created the Light Brown Apple Moth Account in the Department of Food and Agriculture Fund.

(2) (A) The funds in the Light Brown Apple Moth Account shall be available for expenditure without regard to fiscal year for activities by local agencies to eradicate the Light Brown Apple Moth. Funds allocated by the department to a county for local assistance in eradicating the Light

Brown Apple Moth shall be allocated to a local agency or local agencies designated by that county's board of supervisors.

(B) The department shall, for local agencies to which funds have been allocated pursuant to subparagraph (A), annually review the progress made by each local agency in eradicating the Light Brown Apple Moth, and make recommendations, as needed, to improve individual local agency eradication efforts.

(C) Eradication activities undertaken pursuant to this article shall comply with all applicable laws and regulations and shall be conducted in an environmentally responsible manner.

(d) Notwithstanding Section 7550.5 of the Government Code, the department shall report to the Legislature on January 10, 2008, and on each January 10th thereafter while this section is operative, regarding its expenditures, progress, and ongoing priorities in combating the light brown apple moth in California.

(e) This article shall become inoperative on October 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 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:

To protect, as soon as possible, the 250 host species of native and ornamental plants, fruits, and vegetables, their associated industries, and native species from the light brown apple moth, it is necessary that this act take effect immediately.

CHAPTER 191

An act to amend Sections 44279.1 and 44830 of the Education Code, relating to teachers.

[Approved by Governor September 7, 2007. Filed with
Secretary of State September 7, 2007.]

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

SECTION 1. Section 44279.1 of the Education Code is amended to read:

44279.1. (a) The Legislature finds and declares that the beginning years of the career of a teacher are a critical time in which it is necessary that intensive professional development and assessment occur. The

Legislature recognizes that the public invests heavily in the preparation of prospective teachers, and that more than one-half of all new teachers leave some California school districts after one or two years in the classroom. Intensive professional development and assessment are necessary to build on the preparation that precedes initial certification, to transform academic preparation into practical success in the classroom, to retain greater numbers of capable beginning teachers, and to remove novices who show little promise as teachers. It is the intent of the Legislature that the commission and the Superintendent develop and implement policies to govern the support and assessment of beginning teachers, as a condition for the professional certification of those teachers in the future.

(b) There is hereby established the California Beginning Teacher Support and Assessment System, to be administered jointly by the commission and the Superintendent. In administering the system, the commission and the Superintendent shall approve the most cost-effective programs of support and assessment. The commission and the Superintendent also shall ensure that programs meet the Standards of Quality and Effectiveness for Beginning Teacher Support and Assessment Programs adopted by the commission in 1997 and that local programs support beginning teachers in meeting the competencies described in the California Standards for the Teaching Profession adopted by the commission in January 1997. The system shall do all of the following:

- (1) Provide an effective transition into the teaching career for first-year and second-year teachers in California.
- (2) Improve the educational performance of pupils through improved training, information, and assistance for new teachers.
- (3) Enable beginning teachers to be effective in teaching pupils who are culturally, linguistically, and academically diverse.
- (4) Ensure the professional success and retention of new teachers.
- (5) Ensure that a support provider provides intensive individualized support and assistance to each participating beginning teacher.
- (6) Improve the rigor and consistency of individual teacher performance assessments and the usefulness of assessment results to teachers and decisionmakers.
- (7) Establish an effective, coherent system of performance assessments that are based on the California Standards for the Teaching Profession adopted by the commission in January 1997.
- (8) Examine alternative ways in which the general public and the educational profession may be assured that new teachers who remain in teaching have attained acceptable levels of professional competence.

(9) Ensure that an individual induction plan is in place for each participating beginning teacher and is based on an ongoing assessment of the development of the beginning teacher.

(10) Ensure continuous program improvement through ongoing research, development, and evaluation.

(c) Participation in the system shall be voluntary for teachers, school districts, and county offices of education and participation by certificated employees shall not be made a condition of employment. The commission and the Superintendent shall adopt and implement criteria and standards for participation in the system, including criteria regarding the eligibility of teachers and standards of local program quality and intensity for schools, school districts, county offices of education, colleges, universities, and other educational and professional organizations. The criteria and standards shall be consistent with the purposes of the system.

(d) (1) For purposes of this article, unless the context otherwise requires, "beginning teacher" means a teacher with a valid California credential, as defined in Section 44259, or an intern participating in the program established pursuant to Article 11 (commencing with Section 44380), who is serving in the first year or second year of service.

(2) For purposes of this article, "beginning teacher" does not include a teacher with a life credential, a clear credential, or a professional clear teaching credential who returns to serve in a certificated teaching position.

(e) Subject to verification and approval by an induction program director, a beginning teacher shall not be required to demonstrate that an induction standard has been met, or complete an element of an approved induction program designed to assist a candidate in mastering a given standard, if the candidate previously met the induction standard while participating in a commission-approved preparation program.

(f) For a beginning teacher who holds a professional clear teaching credential that is subject to the requirements of subdivisions (b) and (c) of Section 44277, participation in the program, at the discretion of the teacher, may serve as part or all of the individual program of professional growth.

(g) The Superintendent and the commission shall disseminate the California Standards for the Teaching Profession adopted by the commission in January 1997 to colleges, universities, school districts, county offices of education, and professional associations, who shall be encouraged to use the standards in efforts to improve teacher preparation and support programs. Performance assessments developed under this article shall be designed to provide useful, helpful feedback to beginning teachers and their support providers. That information shall not be used

for employment-related evaluations, as a condition of employment, or as a basis for terminating employment.

(h) It is the intent of the Legislature that the commission and the Superintendent establish a statewide teacher induction program that supports locally designed, high-quality induction programs that provide individualized support and formative assessment for all participating beginning teachers as defined in subdivision (d). At the discretion of the local beginning teacher support and assessment system teacher induction program, funds allocated to a program on the basis of eligible beginning teachers may be used to provide support, assistance, and preparation services to other credential candidates who are in their first or second year of employment as a classroom teacher.

(i) This article shall be known, and may be cited, as the Marian Bergeson Beginning Teacher Support and Assessment System.

SEC. 2. Section 44830 of the Education Code is amended to read:

44830. (a) The governing board of a school district shall employ for positions requiring certification qualifications, only persons who possess the qualifications therefor prescribed by law. It is contrary to the public policy of this state for any person or persons charged, by the governing boards, with the responsibility of recommending persons for employment by the boards to refuse or to fail to do so for reasons of race, color, religious creed, sex, or national origin of the applicants for that employment.

(b) A school district governing board shall not initially hire on a permanent, temporary, or substitute basis a certificated person seeking employment in the capacity designated in his or her credential, unless that person has demonstrated basic skills proficiency as provided in Section 44252.5 or is exempted from the requirement by subdivision (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), or (m).

(1) The governing board of a school district, with the authorization of the Commission on Teacher Credentialing, may administer the state basic skills proficiency test required under Sections 44252 and 44252.5.

(2) The Superintendent, in conjunction with the commission and local governing boards, shall take steps necessary to ensure the effective implementation of this subdivision.

It is the intent of the Legislature that in effectively implementing this subdivision, school district governing boards shall direct superintendents of schools to prepare for emergencies by developing a pool of qualified emergency substitute teachers. This preparation shall include public notice of the test requirements and of the dates and locations of administrations of the tests. District governing boards shall make special efforts to encourage individuals who are known to be qualified in other

respects as substitutes to take the state basic skills proficiency test at its earliest administration.

(3) Demonstration of proficiency in reading, writing, and mathematics by any person pursuant to Section 44252 satisfies the requirements of this subdivision.

(c) A certificated person is not required to take the state basic skills proficiency examination if he or she has taken and passed it at least once, achieved a passing score on any of the tests specified in subdivision (d) of Section 44252, or possessed a credential before the enactment of the statute that made the test a requirement.

(d) This section does not require a person employed solely for purposes of teaching adults in an apprenticeship program, approved by the Apprenticeship Standards Division of the Department of Industrial Relations, to pass the state proficiency assessment instrument as a condition of employment.

(e) This section does not require the holder of a child care permit or a permit authorizing service in a development center for the handicapped to take the state basic skills proficiency test, so long as the holder of the permit is not required to have a baccalaureate degree.

(f) This section does not require the holder of a credential issued by the commission who seeks an additional credential or authorization to teach, to take the state basic skills proficiency test.

(g) This section does not require the holder of a credential to provide service in the health profession to take the state basic skills proficiency test, if that person does not teach in the public schools.

(h) If the state basic skills proficiency test is not administered at the time of hiring, the holder of a vocational designated subject credential who has not already taken and passed the state basic skills proficiency test may be hired on the condition that he or she will take the test at its next local administration.

(i) If the holder of a vocational designated subject credential does not pass a proficiency assessment in basic skills pursuant to this section, he or she shall be given one year in which to retake and pass the proficiency assessment in basic skills. If at the expiration of the one-year period he or she has not passed the proficiency assessment in basic skills, he or she shall be subject to dismissal under procedures established in Article 3 (commencing with Section 44930).

(j) This section does not require the holder of a vocational designated subject credential to pass the state basic skills proficiency test as a condition of employment. The governing board of each school district, or each governing board of a consortium of school districts, or each governing board involved in a joint powers agreement, which employs the holder of a vocational designated subject credential shall establish

its own basic skills proficiency for these credentials and shall arrange for those individuals to be assessed. The basic skills proficiency criteria established by the governing board shall be at least equivalent to the test required by the district, or in the case of a consortium or a joint powers agreement, by any of the participating districts, for graduation from high school. The governing board or boards may charge a fee to individuals being tested to cover the costs of the test, including the costs of developing, administering, and grading the test.

(k) This section does not require the holder of an adult education designated subject credential for other than academic subjects, who is employed in an instructional setting for 20 hours or less per week, to pass the state proficiency assessment as a condition of employment.

(l) This section does not require certificated personnel employed under a foreign exchange program to take the state basic skills proficiency test. The maximum period of exemption under this subdivision shall be one year.

(m) Notwithstanding any other law, a school district may hire a certificated teacher who has not taken the state basic skills proficiency test if that person has not yet been afforded the opportunity to take the test. The person shall take the test at the earliest opportunity and may remain employed by the school district pending the receipt of his or her test results.

CHAPTER 192

An act to amend Sections 7500.3, 7507.6, and 7508.4 of the Business and Professions Code, to add Sections 2984.6 and 2993 to the Civil Code, to add Sections 3357, 15103, and 22329.5 to the Financial Code, and to amend Sections 14602.6, 14602.7, and 22850.5 of, and to add Section 11724 to, the Vehicle Code, relating to collateral recovery, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 7, 2007. Filed with
Secretary of State September 7, 2007.]

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

SECTION 1. Section 7500.3 of the Business and Professions Code is amended to read:

7500.3. A repossession agency shall not include any of the following:

(a) Any bank subject to the jurisdiction of the Commissioner of Financial Institutions of the State of California under Division 1

(commencing with Section 99) of the Financial Code or the Comptroller of the Currency of the United States.

(b) Any person organized, chartered, or holding a license or authorization certificate to make loans pursuant to the laws of this state or the United States who is subject to supervision by any official or agency of this state or the United States.

(c) An attorney at law in performing his or her duties as an attorney at law.

(d) The legal owner of collateral that is subject to a security agreement or a bona fide employee employed exclusively and regularly by the legal owner of collateral that is subject to a security agreement. With regard to collateral subject to registration under the Vehicle Code, the legal owner shall be the legal owner listed on the records of the Department of Motor Vehicles or the seller or lessor named on a valid conditional sales contract or rental or lease agreement if the seller or lessor is a licensed vehicle dealer as defined in Section 285 of the Vehicle Code.

(e) An officer or employee of the United States of America, or of this state or a political subdivision thereof, while the officer or employee is engaged in the performance of his or her official duties.

(f) A qualified certificate holder or a registrant when performing services for, or on behalf of, a licensee.

SEC. 2. Section 7507.6 of the Business and Professions Code is amended to read:

7507.6. (a) Within seven days after a violent act has occurred involving a licensee, or any officer, partner, qualified certificate holder, registrant or employee of a licensee, while acting within the course and scope of his or her employment or contract, that results in a police report or bodily harm or bodily injury, the licensee or the licensee's qualified certificate holder or registrant, shall mail or deliver to the chief a notice concerning the incident upon a form provided by the bureau.

(b) Within seven days after the occurrence of a violent act or a threatened violent act involving a licensee, or any officer, partner, qualified certificate holder, registrant, or employee of a licensee while acting within the course and scope of his or her employment or contract, that results in a police report or bodily harm or bodily injury, the licensee or the licensee's qualified certificate holder or registrant shall send by certified mail, return receipt requested, a notice containing information about the incident to the person or individual who made the assignment. If the assignor is not the legal owner, the assignor shall notify the legal owner of the contents of the notice.

(c) A licensee, qualified certificate holder, or registrant may send the notice set forth in subdivision (b) for a violent act or threatened violent act even if a police report is not made or no bodily harm or bodily injury

occurs. Any notice of a threatened violent act provided pursuant to subdivision (b) may only be used to notify a subsequent assignee and not for any collateral purpose. Nothing in this subdivision or subdivision (b) shall be construed to provide immunity against any claim for defamation.

SEC. 3. Section 7508.4 of the Business and Professions Code is amended to read:

7508.4. The director may assess administrative fines for any of the following prohibited acts:

(a) Conducting business from any location other than that location to which a license was issued or conducting a business as an individual, partnership, limited liability company, or corporation unless the licensee holds a valid license issued to that exact same individual, partnership, limited liability company, or corporation. The fine shall be one thousand dollars (\$1,000) for each violation.

(b) Aiding or abetting an unlicensed reposessor or assigning his or her license. "Assigning his or her license" means that no licensee shall permit a registrant, employee, or agent in his or her own name to advertise, engage clients, furnish reports, or present bills to clients, or in any manner whatsoever to conduct business for which a license is required under this chapter. The fine shall be one thousand dollars (\$1,000) for each violation.

(c) Failing to register registrants within 15 days. The fine shall be two hundred fifty dollars (\$250) for each of the first two violations and one thousand dollars (\$1,000) for each violation thereafter.

(d) Employing a person whose registration has expired or been revoked, denied, suspended, or canceled, if the bureau has furnished a listing of these persons to the licensee. The fine shall be twenty-five dollars (\$25) for each violation.

(e) Failing to notify the bureau, within 30 days, of any change in officers. A notice of warning shall be issued for the first violation. Thereafter, the fine shall be twenty-five dollars (\$25) for each violation.

(f) Failing to present the debtor with an itemized receipt of payment, if payment is made in lieu of repossession. The fine shall be twenty-five dollars (\$25) for the first violation and one hundred dollars (\$100) for each violation thereafter.

(g) Failing to submit the notices regarding a violent act or threatened violent act within seven days pursuant to Section 7507.6 or to submit a copy of a judgment awarded against the licensee for an amount of more than the then prevailing maximum claim that may be brought in small claims court within seven days pursuant to Section 7507.7. The fine shall be twenty-five dollars (\$25) for the first violation and one hundred dollars (\$100) per violation thereafter.

(h) Failing to include the licensee's name, address, and license number in any advertisement. A notice of warning shall be issued for the first violation. Thereafter, the fine shall be twenty-five dollars (\$25) for each violation.

(i) Failing to maintain personal effects for at least 60 days. The fine shall be twenty-five dollars (\$25) for the first violation and one hundred dollars (\$100) for each violation thereafter.

(j) Failing to provide a personal effects list or a notice of seizure within the time limits set forth in Section 7507.9 or 7507.10. The fine shall be twenty-five dollars (\$25) for the first violation and one hundred dollars (\$100) for each violation thereafter.

(k) Failing to file the required report pursuant to Section 28 of the Vehicle Code. The fine shall be twenty-five dollars (\$25) for each of the first five violations and one hundred dollars (\$100) for each violation thereafter, per audit.

(l) Failing to maintain an accurate record and accounting of secure temporary registration forms. The qualified certificate holder shall be fined twenty-five dollars (\$25) for the first violation, one hundred dollars (\$100) for the second violation, two hundred fifty dollars (\$250) for the third violation, and two hundred fifty dollars (\$250) plus a one-year suspension of the privilege to issue temporary registrations pursuant to Section 7506.9 for the fourth and subsequent violations.

(m) Representing that a licensee has an office and conducts business at a specific address when that is not the case. The fine shall be five thousand dollars (\$5,000) for each violation.

(n) Notwithstanding any other provision of law, the money in the Private Security Services Fund that is attributable to administrative fines imposed pursuant to subdivision (c) shall not be continuously appropriated and shall be available for expenditure only upon appropriation by the Legislature.

SEC. 4. Section 2984.6 is added to the Civil Code, to read:

2984.6. A holder of a conditional sales contract, purchase order, or security interest, or the agent of a holder, who has received a notice pursuant to Section 7507.6 of the Business and Professions Code, shall not make a subsequent assignment to skip trace, locate, or repossess the vehicle without simultaneously, and in the same manner by which the assignment is given, advising the assignee of the assignment of the information contained in the notice. As used in this section, "assignment" has the same meaning set forth in Section 7500.1 of the Business and Professions Code.

SEC. 5. Section 2993 is added to the Civil Code, to read:

2993. A holder of a lease contract, or the agent of a holder, who has received a notice pursuant to Section 7507.6 of the Business and

Professions Code, shall not make a subsequent assignment to skip trace, locate, or repossess the vehicle without simultaneously, and in the same manner by which the assignment is given, advising the assignee of the assignment of the information contained in the notice. As used in this section, “assignment” has the same meaning set forth in Section 7500.1 of the Business and Professions Code.

SEC. 6. Section 3357 is added to the Financial Code, to read:

3357. A bank, or the agent of a bank, that has received a notice pursuant to Section 7507.6 of the Business and Professions Code, shall not make a subsequent assignment to skip trace, locate, or repossess a vehicle without simultaneously, and in the same manner by which the assignment is given, advising the assignee of the assignment of the information contained in the notice. As used in this section, “assignment” has the same meaning set forth in Section 7500.1 of the Business and Professions Code.

SEC. 7. Section 15103 is added to the Financial Code, to read:

15103. A credit union, or the agent of a credit union, that has received a notice pursuant to Section 7507.6 of the Business and Professions Code, shall not make a subsequent assignment to skip trace, locate, or repossess a vehicle without simultaneously, and in the same manner by which the assignment is given, advising the assignee of the assignment of the information contained in the notice. As used in this section, “assignment” has the same meaning set forth in Section 7500.1 of the Business and Professions Code.

SEC. 8. Section 22329.5 is added to the Financial Code, to read:

22329.5. A licensee, or the agent of a licensee, that has received a notice pursuant to Section 7507.6 of the Business and Professions Code, shall not make a subsequent assignment to skip trace, locate, or repossess the vehicle without simultaneously, and in the same manner by which the assignment is given, advising the assignee of the assignment of the information contained in the notice. As used in this section, “assignment” has the same meaning set forth in Section 7500.1 of the Business and Professions Code.

SEC. 9. Section 11724 is added to the Vehicle Code, to read:

11724. A dealer, or the agent of a dealer, who has received a notice pursuant to Section 7507.6 of the Business and Professions Code, shall not make a subsequent assignment to skip trace, locate, or repossess a vehicle without simultaneously, and in the same manner by which the assignment is given, advising the assignee of the assignment of the information contained in the notice. As used in this section, “assignment” has the same meaning set forth in Section 7500.1 of the Business and Professions Code.

SEC. 10. Section 14602.6 of the Vehicle Code is amended to read:

14602.6. (a) (1) Whenever a peace officer determines that a person was driving a vehicle while his or her driving privilege was suspended or revoked, driving a vehicle while his or her driving privilege is restricted pursuant to Section 13352 or 23575 and the vehicle is not equipped with a functioning, certified interlock device, or driving a vehicle without ever having been issued a driver's license, the peace officer may either immediately arrest that person and cause the removal and seizure of that vehicle or, if the vehicle is involved in a traffic collision, cause the removal and seizure of the vehicle without the necessity of arresting the person in accordance with Chapter 10 (commencing with Section 22650) of Division 11. A vehicle so impounded shall be impounded for 30 days.

(2) The impounding agency, within two working days of impoundment, shall send a notice by certified mail, return receipt requested, to the legal owner of the vehicle, at the address obtained from the department, informing the owner that the vehicle has been impounded. Failure to notify the legal owner within two working days shall prohibit the impounding agency from charging for more than 15 days' impoundment when the legal owner redeems the impounded vehicle. The impounding agency shall maintain a published telephone number that provides information 24 hours a day regarding the impoundment of vehicles and the rights of a registered owner to request a hearing.

(b) The registered and legal owner of a vehicle that is removed and seized under subdivision (a) or their agents shall be provided the opportunity for a storage hearing to determine the validity of, or consider any mitigating circumstances attendant to, the storage, in accordance with Section 22852.

(c) Any period in which a vehicle is subjected to storage under this section shall be included as part of the period of impoundment ordered by the court under subdivision (a) of Section 14602.5.

(d) (1) An impounding agency shall release a vehicle to the registered owner or his or her agent prior to the end of 30 days' impoundment under any of the following circumstances:

(A) When the vehicle is a stolen vehicle.

(B) When the vehicle is subject to bailment and is driven by an unlicensed employee of a business establishment, including a parking service or repair garage.

(C) When the license of the driver was suspended or revoked for an offense other than those included in Article 2 (commencing with Section 13200) of Chapter 2 of Division 6 or Article 3 (commencing with Section 13350) of Chapter 2 of Division 6.

(D) When the vehicle was seized under this section for an offense that does not authorize the seizure of the vehicle.

(E) When the driver reinstates his or her driver's license or acquires a driver's license and proper insurance.

(2) No vehicle shall be released pursuant to this subdivision without presentation of the registered owner's or agent's currently valid driver's license to operate the vehicle and proof of current vehicle registration, or upon order of a court.

(e) The registered owner or his or her agent is responsible for all towing and storage charges related to the impoundment, and any administrative charges authorized under Section 22850.5.

(f) A vehicle removed and seized under subdivision (a) shall be released to the legal owner of the vehicle or the legal owner's agent prior to the end of 30 days' impoundment if all of the following conditions are met:

(1) The legal owner is a motor vehicle dealer, bank, credit union, acceptance corporation, or other licensed financial institution legally operating in this state or is another person, not the registered owner, holding a security interest in the vehicle.

(2) The legal owner or the legal owner's agent pays all towing and storage fees related to the seizure of the vehicle. No lien sale processing fees shall be charged to the legal owner who redeems the vehicle prior to the 15th day of impoundment. Neither the impounding authority nor any person having possession of the vehicle shall collect from the legal owner of the type specified in paragraph (1), or the legal owner's agent any administrative charges imposed pursuant to Section 22850.5 unless the legal owner voluntarily requested a poststorage hearing.

(3) The legal owner or the legal owner's agent presents a copy of the assignment, as defined in subdivision (b) of Section 7500.1 of the Business and Professions Code, and any one of the following: a certificate of repossession for the vehicle, a security agreement for the vehicle, or title showing proof of legal ownership for the vehicle. Any documents presented may be originals, photocopies, or facsimile copies, or may be transmitted electronically. The law enforcement agency, impounding agency, or any person acting on behalf of those agencies shall not require any documents to be notarized. The law enforcement agency, impounding agency, or any person acting on behalf of those agencies may require the agent of the legal owner to produce a photocopy or facsimile copy of its repossession agency license or registration issued pursuant to Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code, or to demonstrate, to the satisfaction of the law enforcement agency, impounding agency, or any person acting on behalf of those agencies that the agent is exempt from licensure pursuant to Section 7500.2 or 7500.3 of the Business and Professions Code.

No administrative costs authorized under subdivision (a) of Section 22850.5 shall be charged to the legal owner of the type specified in paragraph (1), who redeems the vehicle unless the legal owner voluntarily requests a poststorage hearing. No city, county, city or county, or state agency shall require a legal owner or a legal owner's agent to request a poststorage hearing as a requirement for release of the vehicle to the legal owner or the legal owner's agent. The law enforcement agency, impounding agency, or any person acting on behalf of those agencies shall not require any documents other than those specified in this paragraph. The law enforcement agency, impounding agency, or any person acting on behalf of those agencies shall not require any documents to be notarized.

(g) (1) A legal owner or the legal owner's agent that obtains release of the vehicle pursuant to subdivision (f) may not release the vehicle to the registered owner of the vehicle or any agents of the registered owner, unless the registered owner is a rental car agency, until after the termination of the 30-day impoundment period.

(2) The legal owner or the legal owner's agent may not relinquish the vehicle to the registered owner until the registered owner or that owner's agent presents his or her valid driver's license or valid temporary driver's license to the legal owner or the legal owner's agent. The legal owner or the legal owner's agent shall make every reasonable effort to ensure that the license presented is valid.

(3) Prior to relinquishing the vehicle, the legal owner may require the registered owner to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the legal owner in connection with obtaining custody of the vehicle.

(h) (1) A vehicle removed and seized under subdivision (a) shall be released to a rental car agency prior to the end of 30 days' impoundment if the agency is either the legal owner or registered owner of the vehicle and the agency pays all towing and storage fees related to the seizure of the vehicle.

(2) The owner of a rental vehicle that was seized under this section may continue to rent the vehicle upon recovery of the vehicle. However, the rental car agency may not rent another vehicle to the driver of the vehicle that was seized until 30 days after the date that the vehicle was seized.

(3) The rental car agency may require the person to whom the vehicle was rented to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the rental car agency in connection with obtaining custody of the vehicle.

(i) Notwithstanding any other provision of this section, the registered owner and not the legal owner shall remain responsible for any towing and storage charges related to the impoundment, any administrative charges authorized under Section 22850.5, and any parking fines, penalties, and administrative fees incurred by the registered owner.

(j) The law enforcement agency and the impounding agency, including any tow yard acting on behalf of the law enforcement agency or impounding agency, shall not be liable to the registered owner for the improper release of the vehicle to the legal owner or the legal owner's agent provided the release complies with the provisions of this section.

SEC. 11. Section 14602.7 of the Vehicle Code is amended to read:

14602.7. (a) A magistrate presented with the affidavit of a peace officer establishing reasonable cause to believe that a vehicle, described by vehicle type and license number, was an instrumentality used in the peace officer's presence in violation of Section 2800.1, 2800.2, 2800.3, or 23103, shall issue a warrant or order authorizing any peace officer to immediately seize and cause the removal of the vehicle. The warrant or court order may be entered into a computerized database. A vehicle so impounded may be impounded for a period not to exceed 30 days.

The impounding agency, within two working days of impoundment, shall send a notice by certified mail, return receipt requested, to the legal owner of the vehicle, at the address obtained from the department, informing the owner that the vehicle has been impounded and providing the owner with a copy of the warrant or court order. Failure to notify the legal owner within two working days shall prohibit the impounding agency from charging for more than 15 days impoundment when a legal owner redeems the impounded vehicle.

(b) (1) An impounding agency shall release a vehicle to the registered owner or his or her agent prior to the end of the impoundment period and without the permission of the magistrate authorizing the vehicle's seizure under any of the following circumstances:

(A) When the vehicle is a stolen vehicle.

(B) When the vehicle is subject to bailment and is driven by an unlicensed employee of the business establishment, including a parking service or repair garage.

(C) When the registered owner of the vehicle causes a peace officer to reasonably believe, based on the totality of the circumstances, that the registered owner was not the driver who violated Section 2800.1, 2800.2, or 2800.3, the agency shall immediately release the vehicle to the registered owner or his or her agent.

(2) No vehicle shall be released pursuant to this subdivision, except upon presentation of the registered owner's or agent's currently valid

driver's license to operate the vehicle and proof of current vehicle registration, or upon order of the court.

(c) (1) Whenever a vehicle is impounded under this section, the magistrate ordering the storage shall provide the vehicle's registered and legal owners of record, or their agents, with the opportunity for a poststorage hearing to determine the validity of the storage.

(2) A notice of the storage shall be mailed or personally delivered to the registered and legal owners within 48 hours after issuance of the warrant or court order, excluding weekends and holidays, by the person or agency executing the warrant or court order, and shall include all of the following information:

(A) The name, address, and telephone number of the agency providing the notice.

(B) The location of the place of storage and a description of the vehicle, which shall include, if available, the name or make, the manufacturer, the license plate number, and the mileage of the vehicle.

(C) A copy of the warrant or court order and the peace officer's affidavit, as described in subdivision (a).

(D) A statement that, in order to receive their poststorage hearing, the owners, or their agents, are required to request the hearing from the magistrate issuing the warrant or court order in person, in writing, or by telephone, within 10 days of the date of the notice.

(3) The poststorage hearing shall be conducted within two court days after receipt of the request for the hearing.

(4) At the hearing, the magistrate may order the vehicle released if he or she finds any of the circumstances described in subdivision (b) or (e) that allow release of a vehicle by the impounding agency. The magistrate may also consider releasing the vehicle when the continued impoundment will cause undue hardship to persons dependent upon the vehicle for employment or to a person with a community property interest in the vehicle.

(5) Failure of either the registered or legal owner, or his or her agent, to request, or to attend, a scheduled hearing satisfies the poststorage hearing requirement.

(6) The agency employing the peace officer who caused the magistrate to issue the warrant or court order shall be responsible for the costs incurred for towing and storage if it is determined in the poststorage hearing that reasonable grounds for the storage are not established.

(d) The registered owner or his or her agent is responsible for all towing and storage charges related to the impoundment, and any administrative charges authorized under Section 22850.5.

(e) A vehicle removed and seized under subdivision (a) shall be released to the legal owner of the vehicle or the legal owner's agent prior

to the end of the impoundment period and without the permission of the magistrate authorizing the seizure of the vehicle if all of the following conditions are met:

(1) The legal owner is a motor vehicle dealer, bank, credit union, acceptance corporation, or other licensed financial institution legally operating in this state or is another person, not the registered owner, holding a financial interest in the vehicle.

(2) The legal owner or the legal owner's agent pays all towing and storage fees related to the seizure of the vehicle. No lien sale processing fees shall be charged to the legal owner who redeems the vehicle prior to the 15th day of impoundment. Neither the impounding authority nor any person having possession of the vehicle shall collect from the legal owner of the type specified in paragraph (1), or the legal owner's agent any administrative charges imposed pursuant to Section 22850.5 unless the legal owner voluntarily requested a poststorage hearing.

(3) The legal owner or the legal owner's agent presents a copy of the assignment, as defined in subdivision (b) of Section 7500.1 of the Business and Professions Code, and any one of the following: a certificate of repossession for the vehicle, a security agreement for the vehicle, or title showing proof of legal ownership for the vehicle. Any documents presented may be originals, photocopies, or facsimile copies, or may be transmitted electronically. The law enforcement agency, impounding agency, or any person acting on behalf of those agencies shall not require any documents to be notarized. The law enforcement agency, impounding agency, or any person acting on behalf of those agencies may require the agent of the legal owner to produce a photocopy or facsimile copy of its repossession agency license or registration issued pursuant to Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code, or to demonstrate, to the satisfaction of the law enforcement agency, impounding agency, or any person acting on behalf of those agencies that the agent is exempt from licensure pursuant to Section 7500.2 or 7500.3 of the Business and Professions Code.

No administrative costs authorized under subdivision (a) of Section 22850.5 shall be charged to the legal owner of the type specified in paragraph (1), who redeems the vehicle unless the legal owner voluntarily requests a poststorage hearing. No city, county, city and county, or state agency shall require a legal owner or a legal owner's agent to request a poststorage hearing as a requirement for release of the vehicle to the legal owner or the legal owner's agent. The law enforcement agency, impounding agency, or any person acting on behalf of those agencies shall not require any documents other than those specified in this paragraph. The law enforcement agency, impounding agency, or any

person acting on behalf of those agencies shall not require any documents to be notarized.

(f) (1) A legal owner or the legal owner's agent that obtains release of the vehicle pursuant to subdivision (e) shall not release the vehicle to the registered owner of the vehicle or any agents of the registered owner, unless a registered owner is a rental car agency, until the termination of the impoundment period.

(2) The legal owner or the legal owner's agent shall not relinquish the vehicle to the registered owner until the registered owner or that owner's agent presents his or her valid driver's license or valid temporary driver's license to the legal owner or the legal owner's agent. The legal owner or the legal owner's agent shall make every reasonable effort to ensure that the license presented is valid.

(3) Prior to relinquishing the vehicle, the legal owner may require the registered owner to pay all towing and storage charges related to the impoundment and the administrative charges authorized under Section 22850.5 that were incurred by the legal owner in connection with obtaining the custody of the vehicle.

(g) (1) A vehicle impounded and seized under subdivision (a) shall be released to a rental car agency prior to the end of the impoundment period if the agency is either the legal owner or registered owner of the vehicle and the agency pays all towing and storage fees related to the seizure of the vehicle.

(2) The owner of a rental vehicle that was seized under this section may continue to rent the vehicle upon recovery of the vehicle. However, the rental car agency shall not rent another vehicle to the driver who used the vehicle that was seized to evade a police officer until 30 days after the date that the vehicle was seized.

(3) The rental car agency may require the person to whom the vehicle was rented and who evaded the peace officer to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the rental car agency in connection with obtaining custody of the vehicle.

(h) Notwithstanding any other provision of this section, the registered owner and not the legal owner shall remain responsible for any towing and storage charges related to the impoundment and the administrative charges authorized under Section 22850.5 and any parking fines, penalties, and administrative fees incurred by the registered owner.

(i) (1) This section does not apply to vehicles abated under the Abandoned Vehicle Abatement Program pursuant to Sections 22660 to 22668, inclusive, and Section 22710, or to vehicles impounded for investigation pursuant to Section 22655, or to vehicles removed from private property pursuant to Section 22658.

(2) This section does not apply to abandoned vehicles removed pursuant to Section 22669 that are determined by the public agency to have an estimated value of three hundred dollars (\$300) or less.

(j) The law enforcement agency and the impounding agency, including any tow yard acting on behalf of the law enforcement agency or impounding agency, shall not be liable to the registered owner for the improper release of the vehicle to the legal owner or the legal owner's agent provided the release complies with the provisions of this section.

SEC. 12. Section 22850.5 of the Vehicle Code is amended to read:

22850.5. (a) A city, county, or city and county, or a state agency may adopt a regulation, ordinance, or resolution establishing procedures for the release of properly impounded vehicles and for the imposition of a charge equal to its administrative costs relating to the removal, impound, storage, or release of the vehicles. Those administrative costs may be waived by the local or state authority upon verifiable proof that the vehicle was reported stolen at the time the vehicle was removed.

(b) The following apply to any charges imposed for administrative costs pursuant to subdivision (a):

(1) The charges shall only be imposed on the registered owner or the agents of that owner and shall not include any vehicle towed under an abatement program or sold at a lien sale pursuant to Sections 3068.1 to 3074, inclusive, of, and Section 22851 of, the Civil Code unless the sale is sufficient in amount to pay the lienholder's total charges and proper administrative costs.

(2) Any charges shall be collected by the local or state authority only from the registered owner or an agent of the registered owner.

(3) The charges shall be in addition to any other charges authorized or imposed pursuant to this code.

(4) No charge may be imposed for any hearing or appeal relating to the removal, impound, storage, or release of a vehicle unless that hearing or appeal was requested in writing by the registered or legal owner of the vehicle or an agent of that registered or legal owner. In addition, the charge may be imposed only upon the person requesting that hearing or appeal.

No administrative costs authorized under subdivision (a) shall be charged to the legal owner who redeems the vehicle unless the legal owner voluntarily requests a poststorage hearing. No city, county, city and county, or state agency shall require a legal owner or a legal owner's agent to request a poststorage hearing as a requirement for release of the vehicle to the legal owner or the legal owner's agent. The impounding agency, or any person acting on behalf of the agency, shall not require the legal owner or the legal owner's agent to produce any documents other than those specified in paragraph (3) of subdivision (f) of Section

14602.6 or paragraph (3) of subdivision (e) of Section 14602.7. The impounding agency, or any person acting on behalf of the agency, shall not require any documents to be notarized.

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.

SEC. 14. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to avoid at the earliest possible time potential obstacles to certain individuals purchasing, selling, leasing, or repossessing vehicles, it is necessary that this act take effect immediately.

CHAPTER 193

An act to add Section 23826.9 to the Business and Professions Code, relating to alcoholic beverages.

[Approved by Governor September 7, 2007. Filed with
Secretary of State September 7, 2007.]

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

SECTION 1. Section 23826.9 is added to the Business and Professions Code, to read:

23826.9. (a) Notwithstanding any other provision of this chapter, in any county of the 56th class, the department may issue 10 additional new original on-sale general licenses for bona fide public eating places. Any premises to qualify for a license under this section shall have a seating capacity for 50 or more diners. In no event shall more than 10 on-sale general licenses for bona fide eating places be issued under this section.

(b) In issuing the licenses provided for in this section, the department shall follow the procedure set forth in Section 23961.

(c) Nothing in this chapter shall prohibit a person who currently holds a valid on-sale general license for seasonal business from applying for an original on-sale general license pursuant to this section.

(d) A license issued under this section shall not be transferred from one county to another nor shall it be transferred to any premises not qualifying under this section.

SEC. 2. The Legislature finds and declares that, because of the unique circumstances of the economy of the county of the 56th class specified in Section 1, that are applicable only to the county of the 56th class, a statute of general applicability cannot be enacted within the meaning of subdivision (b) of Section 16 of Article IV of the California Constitution, and, therefore, this special statute is necessary.

CHAPTER 194

An act to amend Section 10460 of the Business and Professions Code, relating to real estate.

[Approved by Governor September 7, 2007. Filed with
Secretary of State September 7, 2007.]

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

SECTION 1. Section 10460 of the Business and Professions Code is amended to read:

10460. As used in this article:

(a) "Military licensee" refers to any person who, while licensed under the Real Estate Law, or any of the statutes codified therein, entered the military service of the United States and notifies the commissioner of that fact within six months of such entry.

(b) "Persons in the military service of the United States" includes the following persons and no others: all members of the United States Army, the United States Navy, the United States Air Force, the Marine Corps, the Merchant Marine in time of war, the Coast Guard, the National Guard, and all officers of the Public Health Service detailed by proper authority for duty either with the Army or the Navy.

(c) "Military service" signifies federal service after October 1, 1940, on active duty with any branch of service heretofore referred to or mentioned as well as training or education under the supervision of the United States preliminary to induction into the military service. The terms "active service" or "active duty" include the period during which

a person in military service is absent from duty on account of sickness, wounds, leave, or other lawful cause.

CHAPTER 195

An act to amend Section 1603 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 7, 2007. Filed with
Secretary of State September 7, 2007.]

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

SECTION 1. Section 1603 of the Revenue and Taxation Code is amended to read:

1603. (a) A reduction in an assessment on the local roll shall not be made unless the party affected or his or her agent makes and files with the county board a verified, written application showing the facts claimed to require the reduction and the applicant's opinion of the full value of the property. The form for the application shall be prescribed by the State Board of Equalization.

(b) (1) The application shall be filed within the time period from July 2 to September 15, inclusive. An application that is mailed and postmarked September 15 or earlier within that period shall be deemed to have been filed within the time period beginning July 2 and continuing through and including September 15.

(2) Notwithstanding paragraph (1), if the taxpayer does not receive the notice of assessment described in Section 619 at least 15 calendar days prior to the deadline to file the application described in this subdivision, the party affected, or his or her agent, may file an application within 60 days of receipt of the notice of assessment or within 60 days of the mailing of the tax bill, whichever is earlier, along with an affidavit declaring under penalty of perjury that the notice was not timely received.

(3) Notwithstanding paragraph (1), the last day of the filing period shall be extended to November 30 in the case of an assessee or party affected with respect to all property located in a county where the county assessor does not provide, by August 1, a notice, as described in Section 619, to all assesseees of real property on the local secured roll of the assessed value of their real property as it shall appear or does appear on the completed local roll, including the annual increases in assessed value caused solely by increases in the valuation of property that reflect the inflation rate, not to exceed 2 percent, pursuant to the authority of

subdivision (b) of Section 2 of Article XIII A of the California Constitution.

(A) The county assessor shall notify the clerk of the county board of equalization and the county tax collector by April 1 of each year as to whether the notice specified in this paragraph will be provided by August 1.

(B) The clerk shall certify the last day of the filing period and shall immediately notify the State Board of Equalization as to whether the last day of the filing period for the county will be September 15 or November 30.

(C) The State Board of Equalization shall maintain a statewide listing of the time period to file an application in each county.

(D) The provisions of Section 621 may not be substituted as a means of providing the notice specified in this paragraph.

(4) If a final filing date specified in this subdivision falls on Saturday, Sunday, or a legal holiday, an application that is mailed and postmarked on the next business day shall be deemed to have been filed within the requisite time period specified in this subdivision. If on any final filing date specified in this subdivision, the county's offices are closed for business prior to 5 p.m. or for that entire day, that day shall be considered a legal holiday for purposes of this section.

(c) The application may be filed within 12 months following the month in which the assessee is notified of the assessment, if the party affected or his or her agent and the assessor stipulate that there is an error in the assessment as the result of the exercise of the assessor's judgment in determining the full cash value of the property and a written stipulation as to the full cash value and assessed value is filed in accordance with Section 1607.

(d) Upon the recommendation of the assessor and the clerk of the county board of equalization, the board of supervisors may adopt a resolution providing that an application may be filed within 60 days of the mailing of the notice of the assessor's response to a request for reassessment pursuant to paragraph (2) of subdivision (a) of Section 51, if all of the following conditions are met:

(1) The request for reassessment was submitted in writing to the assessor in the form prescribed by the State Board of Equalization and includes all information that is prescribed by the State Board of Equalization.

(2) The request for reassessment was made on or before the immediately preceding March 15.

(3) The assessor's response to the request for reassessment was mailed on or after September 1 of the calendar year in which the request for reassessment was made.

(4) The assessor did not reduce the assessment in question in the full amount as requested.

(5) The application for changed assessment is filed on or before December 31 of the year in which the request for reassessment was filed.

(6) The application for reduction in assessment is accompanied by a copy of the assessor's response to the request for reassessment.

(e) In the form provided for making an application pursuant to this section, there shall be a notice that written findings of facts of the local equalization hearing will be available upon written request at the requester's expense and, if not so requested, the right to those written findings is waived. The form shall provide appropriate space for the applicant to request written findings of facts as provided by Section 1611.5.

(f) The form provided for making an application pursuant to this section shall contain the following language in the signature block:

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief and that I am (1) the owner of the property or the person affected (i.e., a person having a direct economic interest in the payment of the taxes on that property—"The Applicant," (2) an agent authorized by the applicant under Item 2 of this application, or (3) an attorney licensed to practice law in the State of California, State Bar No. _____, who has been retained by the applicant and has been authorized by that person to file this application.

(g) The clerk of a county board of equalization may accept an electronically filed application for changed assessment containing an electronic signature if all of the following criteria are met:

(1) The application complies with all other requirements for filing the application.

(2) The electronic signature is accompanied by the certification described in subdivision (f).

(3) The electronic signature is authenticated in a manner that is approved by the county board of supervisors, which manner may include, but is not limited to, the use of personal identification numbers the clerk has assigned to applicants.

CHAPTER 196

An act to amend and repeal Sections 1351.2 and 1367.01 of the Health and Safety Code, relating to health care service plans.

[Approved by Governor September 10, 2007. Filed with
Secretary of State September 10, 2007.]

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

SECTION 1. Section 1351.2 of the Health and Safety Code, as amended by Section 1 of Chapter 491 of the Statutes of 2004, is amended to read:

1351.2. (a) If a prepaid health plan operating lawfully under the laws of Mexico elects to operate a health care service plan in this state, the prepaid health plan shall apply for licensure as a health care service plan under this chapter by filing an application for licensure in the form prescribed by the department and verified by an authorized representative of the applicant. The prepaid health plan shall be subject to the provisions of this chapter, and the rules adopted by the director thereunder, as determined by the director to be applicable. The application shall be accompanied by the fee prescribed by subdivision (a) of Section 1356 and shall demonstrate compliance with the following requirements:

(1) The prepaid health plan is constituted and operating lawfully under the laws of Mexico and, if required by Mexican law, is authorized as an Insurance Institution Specializing in Health by the Mexican Insurance Commission. If the Mexican Insurance Commission determines that the prepaid health plan is not required to be authorized as an Insurance Institution Specializing in Health under the laws of Mexico, the applicant shall obtain written verification from the Mexican Insurance Commission stating that the applicant is not required to be authorized as an Insurance Institution Specializing in Health in Mexico. A Mexican prepaid health plan that is not required to be an Insurance Institution Specializing in Health shall obtain written verification from the Mexican Ministry of Health that the prepaid health plan and its provider network are operating in full compliance of Mexican law.

(2) The prepaid health plan offers and sells in this state only employer-sponsored group plan contracts exclusively for the benefit of Mexican nationals legally employed in the County of San Diego or the County of Imperial, and for the benefit of their dependents regardless of nationality, that pay for, reimburse the cost of, or arrange for the provision or delivery of health care services that are to be provided or delivered wholly in Mexico, except for the provision or delivery of those health care services set forth in paragraph (4).

(3) Solicitation of plan contracts in this state is made only through insurance brokers and agents licensed in this state or a third-party administrator licensed in this state, each of which is authorized to offer and sell plan group contracts.

(4) Group contracts provide, through a contract of insurance between the prepaid health plan and an insurer admitted in this state, for the reimbursement of emergency and urgent care services provided out of area as required by subdivision (h) of Section 1345.

(5) All advertising, solicitation material, disclosure statements, evidences of coverage, and contracts are in compliance with the appropriate provisions of this chapter and the rules or orders of the director. The director shall require that each of these documents contain a legend in 10-point type, in both English and Spanish, declaring that the health care service plan contract provided by the prepaid health plan may be limited as to benefits, rights, and remedies under state and federal law.

(6) All funds received by the prepaid health plan from a subscriber are deposited in an account of a bank organized under the laws of this state or in an account of a national bank located in this state.

(7) The prepaid health plan maintains a tangible net equity as required by this chapter and the rules of the director, as calculated under United States generally accepted accounting principles, in the amount of a least one million dollars (\$1,000,000). In lieu of an amount in excess of the minimum tangible net equity of one million dollars (\$1,000,000), the prepaid health plan may demonstrate a reasonable acceptable alternative reimbursement arrangement that the director may in his or her discretion accept. The prepaid health plan shall also maintain a fidelity bond and a surety bond as required by Section 1376 and the rules of the director.

(8) The prepaid health plan agrees to make all of its books and records, including the books and records of health care providers in Mexico, available to the director in the form and at the time and place requested by the director. Books and records shall be made available to the director no later than 24 hours from the date of the request.

(9) The prepaid health plan files a consent to service of process with the director and agrees to be subject to the laws of this state and the United States in any investigation, examination, dispute, or other matter arising from the advertising, solicitation, or offer and sale of a plan contract, or the management or provision of health care services in this state or throughout the United States. The prepaid health plan shall agree to notify the director, immediately and in no case later than one business day, if it is subject to any investigation, examination, or administrative or legal action relating to the prepaid health plan or the operations of the prepaid health plan initiated by the government of Mexico or the government of any state of Mexico against the prepaid health plan or any officer, director, security holder, or contractor owning 10 percent or more of the securities of the prepaid health plan. The prepaid health plan shall agree that in the event of conflict of laws in any action arising

out of the license, the laws of California and the United States shall apply.

(10) The prepaid health plan agrees that disputes arising from the group contracts involving group contractholders and providers of health care services in the United States shall be subject to the jurisdiction of the courts of this state and the United States.

(11) The prepaid health plan shall employ or designate a medical director who holds an unrestricted license to practice medicine in this state issued pursuant to Section 2050 of the Business and Professions Code or pursuant to the Osteopathic Act for health care services set forth in paragraph (4). For health care services that are to be provided or delivered wholly in Mexico, the prepaid health plan may employ or designate a medical director operating under the laws of Mexico.

(b) The prepaid health plan shall pay the application processing fee and other fees and assessments set forth in Section 1356. The director, by order, may designate provisions of this chapter and rules adopted thereunder that need not be applied to a prepaid health plan licensed under the laws of Mexico when consistent with the intent and purpose of this chapter, and in the public interest.

(c) If the plan ceases to operate legally in Mexico, the director shall immediately deliver written notice to the health care service plan that it is not in compliance with the provisions of this section. If this occurs, a health care service plan shall do all of the following:

(1) Provide the director with written proof that the prepaid health plan has complied with the laws of Mexico not later than 45 days after the date the written notice is received by the health care service plan.

(2) If, by the 45th day, the health care service plan is unable to provide written confirmation that it is in full compliance with Mexican law, the director shall notify the health care service plan in writing that it is prohibited from accepting any new enrollees or subscribers. The health care service plan shall be given an additional 180 days to comply with Mexican law or to become a licensed health care service plan.

(3) If, at the end of the 180-day notice period in paragraph (2), the health care service plan has not complied with the laws of Mexico or California, the director shall issue an order that the health care service plan cease and desist operations in California.

SEC. 2. Section 1351.2 of the Health and Safety Code, as amended by Section 115 of Chapter 22 of the Statutes of 2005, is repealed.

SEC. 3. Section 1367.01 of the Health and Safety Code, as amended by Section 3 of Chapter 491 of the Statutes of 2004, is amended to read:

1367.01. (a) A health care service plan and any entity with which it contracts for services that include utilization review or utilization management functions, that prospectively, retrospectively, or

concurrently reviews and approves, modifies, delays, or denies, based in whole or in part on medical necessity, requests by providers prior to, retrospectively, or concurrent with the provision of health care services to enrollees, or that delegates these functions to medical groups or independent practice associations or to other contracting providers, shall comply with this section.

(b) A health care service plan that is subject to this section shall have written policies and procedures establishing the process by which the plan prospectively, retrospectively, or concurrently reviews and approves, modifies, delays, or denies, based in whole or in part on medical necessity, requests by providers of health care services for plan enrollees. These policies and procedures shall ensure that decisions based on the medical necessity of proposed health care services are consistent with criteria or guidelines that are supported by clinical principles and processes. These criteria and guidelines shall be developed pursuant to Section 1363.5. These policies and procedures, and a description of the process by which the plan reviews and approves, modifies, delays, or denies requests by providers prior to, retrospectively, or concurrent with the provision of health care services to enrollees, shall be filed with the director for review and approval, and shall be disclosed by the plan to providers and enrollees upon request, and by the plan to the public upon request.

(c) A health care service plan subject to this section, except a plan that meets the requirements of Section 1351.2, shall employ or designate a medical director who holds an unrestricted license to practice medicine in this state issued pursuant to Section 2050 of the Business and Professions Code or pursuant to the Osteopathic Act, or, if the plan is a specialized health care service plan, a clinical director with California licensure in a clinical area appropriate to the type of care provided by the specialized health care service plan. The medical director or clinical director shall ensure that the process by which the plan reviews and approves, modifies, or denies, based in whole or in part on medical necessity, requests by providers prior to, retrospectively, or concurrent with the provision of health care services to enrollees, complies with the requirements of this section.

(d) If health plan personnel, or individuals under contract to the plan to review requests by providers, approve the provider's request, pursuant to subdivision (b), the decision shall be communicated to the provider pursuant to subdivision (h).

(e) No individual, other than a licensed physician or a licensed health care professional who is competent to evaluate the specific clinical issues involved in the health care services requested by the provider, may deny or modify requests for authorization of health care services for an enrollee

for reasons of medical necessity. The decision of the physician or other health care professional shall be communicated to the provider and the enrollee pursuant to subdivision (h).

(f) The criteria or guidelines used by the health care service plan to determine whether to approve, modify, or deny requests by providers prior to, retrospectively, or concurrent with, the provision of health care services to enrollees shall be consistent with clinical principles and processes. These criteria and guidelines shall be developed pursuant to the requirements of Section 1363.5.

(g) If the health care service plan requests medical information from providers in order to determine whether to approve, modify, or deny requests for authorization, the plan shall request only the information reasonably necessary to make the determination.

(h) In determining whether to approve, modify, or deny requests by providers prior to, retrospectively, or concurrent with the provision of health care services to enrollees, based in whole or in part on medical necessity, a health care service plan subject to this section shall meet the following requirements:

(1) Decisions to approve, modify, or deny, based on medical necessity, requests by providers prior to, or concurrent with the provision of health care services to enrollees that do not meet the requirements for the 72-hour review required by paragraph (2), shall be made in a timely fashion appropriate for the nature of the enrollee's condition, not to exceed five business days from the plan's receipt of the information reasonably necessary and requested by the plan to make the determination. In cases where the review is retrospective, the decision shall be communicated to the individual who received services, or to the individual's designee, within 30 days of the receipt of information that is reasonably necessary to make this determination, and shall be communicated to the provider in a manner that is consistent with current law. For purposes of this section, retrospective reviews shall be for care rendered on or after January 1, 2000.

(2) When the enrollee's condition is such that the enrollee faces an imminent and serious threat to his or her health including, but not limited to, the potential loss of life, limb, or other major bodily function, or the normal timeframe for the decisionmaking process, as described in paragraph (1), would be detrimental to the enrollee's life or health or could jeopardize the enrollee's ability to regain maximum function, decisions to approve, modify, or deny requests by providers prior to, or concurrent with, the provision of health care services to enrollees, shall be made in a timely fashion appropriate for the nature of the enrollee's condition, not to exceed 72 hours after the plan's receipt of the information reasonably necessary and requested by the plan to make the

determination. Nothing in this section shall be construed to alter the requirements of subdivision (b) of Section 1371.4. Notwithstanding Section 1371.4, the requirements of this division shall be applicable to all health plans and other entities conducting utilization review or utilization management.

(3) Decisions to approve, modify, or deny requests by providers for authorization prior to, or concurrent with, the provision of health care services to enrollees shall be communicated to the requesting provider within 24 hours of the decision. Except for concurrent review decisions pertaining to care that is underway, which shall be communicated to the enrollee's treating provider within 24 hours, decisions resulting in denial, delay, or modification of all or part of the requested health care service shall be communicated to the enrollee in writing within two business days of the decision. In the case of concurrent review, care shall not be discontinued until the enrollee's treating provider has been notified of the plan's decision and a care plan has been agreed upon by the treating provider that is appropriate for the medical needs of that patient.

(4) Communications regarding decisions to approve requests by providers prior to, retrospectively, or concurrent with the provision of health care services to enrollees shall specify the specific health care service approved. Responses regarding decisions to deny, delay, or modify health care services requested by providers prior to, retrospectively, or concurrent with the provision of health care services to enrollees shall be communicated to the enrollee in writing, and to providers initially by telephone or facsimile, except with regard to decisions rendered retrospectively, and then in writing, and shall include a clear and concise explanation of the reasons for the plan's decision, a description of the criteria or guidelines used, and the clinical reasons for the decisions regarding medical necessity. Any written communication to a physician or other health care provider of a denial, delay, or modification of a request shall include the name and telephone number of the health care professional responsible for the denial, delay, or modification. The telephone number provided shall be a direct number or an extension, to allow the physician or health care provider easily to contact the professional responsible for the denial, delay, or modification. Responses shall also include information as to how the enrollee may file a grievance with the plan pursuant to Section 1368, and in the case of Medi-Cal enrollees, shall explain how to request an administrative hearing and aid paid pending under Sections 51014.1 and 51014.2 of Title 22 of the California Code of Regulations.

(5) If the health care service plan cannot make a decision to approve, modify, or deny the request for authorization within the timeframes specified in paragraph (1) or (2) because the plan is not in receipt of all

of the information reasonably necessary and requested, or because the plan requires consultation by an expert reviewer, or because the plan has asked that an additional examination or test be performed upon the enrollee, provided the examination or test is reasonable and consistent with good medical practice, the plan shall, immediately upon the expiration of the timeframe specified in paragraph (1) or (2) or as soon as the plan becomes aware that it will not meet the timeframe, whichever occurs first, notify the provider and the enrollee, in writing, that the plan cannot make a decision to approve, modify, or deny the request for authorization within the required timeframe, and specify the information requested but not received, or the expert reviewer to be consulted, or the additional examinations or tests required. The plan shall also notify the provider and enrollee of the anticipated date on which a decision may be rendered. Upon receipt of all information reasonably necessary and requested by the plan, the plan shall approve, modify, or deny the request for authorization within the timeframes specified in paragraph (1) or (2), whichever applies.

(6) If the director determines that a health care service plan has failed to meet any of the timeframes in this section, or has failed to meet any other requirement of this section, the director may assess, by order, administrative penalties for each failure. A proceeding for the issuance of an order assessing administrative penalties shall be subject to appropriate notice to, and an opportunity for a hearing with regard to, the person affected, in accordance with subdivision (a) of Section 1397. The administrative penalties shall not be deemed an exclusive remedy for the director. These penalties shall be paid to the State Managed Care Fund.

(i) A health care service plan subject to this section shall maintain telephone access for providers to request authorization for health care services.

(j) A health care service plan subject to this section that reviews requests by providers prior to, retrospectively, or concurrent with, the provision of health care services to enrollees shall establish, as part of the quality assurance program required by Section 1370, a process by which the plan's compliance with this section is assessed and evaluated. The process shall include provisions for evaluation of complaints, assessment of trends, implementation of actions to correct identified problems, mechanisms to communicate actions and results to the appropriate health plan employees and contracting providers, and provisions for evaluation of any corrective action plan and measurements of performance.

(k) The director shall review a health care service plan's compliance with this section as part of its periodic onsite medical survey of each

plan undertaken pursuant to Section 1380, and shall include a discussion of compliance with this section as part of its report issued pursuant to that section.

(l) This section shall not apply to decisions made for the care or treatment of the sick who depend upon prayer or spiritual means for healing in the practice of religion as set forth in subdivision (a) of Section 1270.

(m) Nothing in this section shall cause a health care service plan to be defined as a health care provider for purposes of any provision of law, including, but not limited to, Section 6146 of the Business and Professions Code, Sections 3333.1 and 3333.2 of the Civil Code, and Sections 340.5, 364, 425.13, 667.7, and 1295 of the Code of Civil Procedure.

SEC. 4. Section 1367.01 of the Health and Safety Code, as added by Section 4 of Chapter 491 of the Statutes of 2004, is repealed.

CHAPTER 197

An act to amend Section 8588.1 of the Government Code, relating to disaster preparedness.

[Approved by Governor September 10, 2007. Filed with
Secretary of State September 10, 2007.]

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

SECTION 1. Section 8588.1 of the Government Code is amended 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 Fund is hereby created in the State Treasury. 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) This section shall be implemented only to the extent that in-kind contributions or donations are received from the private sector, or grant funds are received from the federal government, for these purposes.

CHAPTER 198

An act to amend and repeal Section 1271 of the Business and Professions Code, relating to clinical laboratories.

[Approved by Governor September 10, 2007. Filed with
Secretary of State September 10, 2007.]

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

SECTION 1. Section 1271 of the Business and Professions Code, as amended by Section 1 of Chapter 735 of the Statutes of 2004, is amended to read:

1271. (a) A cytotechnologist shall not examine more than 80 gynecologic slides in a 24-hour period when performing a manual review of slides.

(b) The maximum workload limit in subdivision (a) is the maximum number of gynecologic slides that a cytotechnologist shall examine in

a 24-hour period without regard to the number of clinical laboratories or other persons for which the work is performed. Cytotechnologists, who examine both gynecologic and nongynecologic slides, shall do so on a pro rata basis so that the maximum workload limit in subdivision (a) is not exceeded, and so that the number of gynecologic slides examined is reduced proportionally if both gynecologic and nongynecologic slides are examined in a 24-hour period.

(c) The maximum workload limit in subdivision (a) is for a cytotechnologist who has no duties other than the evaluation of gynecological slides. Cytotechnologists who have other duties, including, but not limited to, the preparation and staining of cytologic slides, shall decrease on a pro rata basis the number of slides examined.

(d) All cytologic slides shall be examined in a clinical laboratory that has been licensed by the department, or in a municipal or county laboratory established under Section 101150 of the Health and Safety Code. All slides examined under the name of a clinical laboratory shall be examined on the premises of that laboratory.

(e) Each clinical laboratory shall maintain records of the number of cases and slides for gynecologic and nongynecologic samples examined on a monthly and annual basis.

(f) Each cytotechnologist shall maintain current records in a form prescribed by the department of hours worked and the names and addresses of the clinical laboratories or other persons for whom slides are examined.

(g) Each clinical laboratory shall retain all cytology slides and cell blocks examined for a minimum of five years and all cytology reports for a minimum of 10 years.

(h) The presence of any factor that would prohibit the proper examination of a cytologic slide, including, but not limited to, damaged slides or inadequate specimens, as determined by the director of the laboratory, shall result in the issuance of a statement of inadequacy to the referring physician and no report of cytologic findings shall be issued on that slide.

(i) Each clinical laboratory shall maintain records of the number of cases and slides for gynecologic and nongynecologic slides each cytotechnologist in the laboratory reads each 24-hour period, the number of hours devoted during each 24-hour period to screening cytology slides by each individual, and shall determine weekly and cumulatively the frequency of abnormal slides found by each cytotechnologist employed.

(j) Ten percent of the negative or normal slides examined by each cytotechnologist employed by a clinical laboratory shall be rescreened at least weekly by a cytopathologist or supervising cytotechnologist other than the original examiner.

(k) When reviewing gynecologic slides using automated or semiautomated screening devices approved by the federal Food and Drug Administration, a laboratory shall follow the workload requirements established by Section 493.1274 of Title 42 of the Code of Federal Regulations.

(1) Any slide reviewed using automated or semiautomated screening devices approved by the federal Food and Drug Administration that requires full manual review shall be counted against the applicable limits established in subdivision (a) and this subdivision.

(2) On or before June 30, 2007, the State Department of Health Services shall review published evidence-based peer review journal articles that review the performance of both automated and semiautomated screening devices, subsequent to the approval of the device by the federal Food and Drug Administration, and shall determine whether increasing the number of slides reviewed on a daily basis increases the rate of error. If the department determines that the volume of screening on these devices increases the rate of error, the department may issue new regulations in that regard that are consistent with Section 493.1274 of Title 42 of the Code of Federal Regulations.

(l) The technical supervisor of an individual who performs primary screening shall establish the maximum workload limit for the individual, based on the individual's performance, in accordance with the criteria set forth in Section 493.1274(d)(1) of Title 42 of the Code of Federal Regulations.

(m) Where cytotechnologists are represented by a labor organization, the maximum workload limitations otherwise established pursuant to this section shall be contained in a collective bargaining agreement or memorandum of understanding negotiated between the employer and the labor organization.

SEC. 2. Section 1271 of the Business and Professions Code, as added by Section 2 of Chapter 735 of the Statutes of 2004, is repealed.

CHAPTER 199

An act to amend Sections 340, 8023, 9340, and 10400 of, and to repeal Section 315 of, the Elections Code, relating to elections.

[Approved by Governor September 10, 2007. Filed with
Secretary of State September 10, 2007.]

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

SECTION 1. Section 315 of the Elections Code is repealed.

SEC. 2. Section 340 of the Elections Code is amended to read:

340. "Presidential primary" is the primary election that is held on the first Tuesday in February in any year which is evenly divisible by the number four, and at which delegations to national party conventions are to be chosen.

SEC. 3. Section 8023 of the Elections Code is amended to read:

8023. (a) Except in the case of a judicial office filled in accordance with subdivision (d) of Section 16 of Article VI of the Constitution, every candidate for a judicial office, not more than 14 nor less than five days prior to the first day on which his or her nomination papers may be circulated and signed or may be presented for filing, shall file in the office of the elections official in which his or her nomination papers are required to be filed, a written and signed declaration of his or her intention to become a candidate for that office on a form to be supplied by the elections official. A candidate for a numerically designated judicial office shall state in his or her declaration for which office he or she intends to become a candidate.

(b) No person may be a candidate nor have his or her name printed on any ballot as a candidate for judicial office unless he or she has filed the declaration of intention provided for in this section. If the incumbent of a judicial office fails to file a declaration of intention by the end of the period specified in subdivision (a), persons other than the incumbent may file declarations of intention no later than the first day for filing nomination papers.

(c) Declarations shall be in substantially the following form:

"I hereby declare my intention to become a candidate for the office of ____ (name of office and district, if any) at the ____, 2____ election."

No candidate for a judicial office shall be required to state his or her residential address on the declaration of intention. However, if the address is not stated on the declaration of intention, the address must be provided to the elections official for verification.

(d) This section shall apply to all judicial offices whether numerically designated or not.

SEC. 4. Section 9340 of the Elections Code is amended to read:

9340. The voters of any district that is a local public entity as defined by Section 900.4 of the Government Code, and to which Section 9300 applies, shall have the right to petition for referendum on legislative acts of the district in the same manner and subject to the same rules as are

set forth in Sections 9141, 9142, 9143, 9144, 9145, 9146, and 9147, except that all computations referred to in those sections and officers of the county mentioned in those sections shall be construed to refer to comparable computations and officers of the district.

SEC. 5. Section 10400 of the Elections Code is amended to read:

10400. Whenever two or more elections, including bond elections, of any legislative or congressional district, public district, city, county or other political subdivision are called to be held on the same day, in the same territory, or in territory that is in part the same, they may be consolidated pursuant to this chapter upon the order of the governing body or bodies or officer or officers calling the elections.

The elections, whether held under a freeholder charter or under any state law, or both, may be consolidated, and different elections called by the same governing body may be consolidated.

CHAPTER 200

An act to amend Section 14035.55 of the Government Code, relating to transportation.

[Approved by Governor September 10, 2007. Filed with
Secretary of State September 10, 2007.]

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

SECTION 1. Section 14035.55 of the Government Code is amended to read:

14035.55. (a) The Legislature finds and declares all of the following:

(1) Intercity passenger bus service provided by intercity bus companies on a regular-route basis is the only public mass transportation service in the state to provide surface transportation without public subsidy.

(2) The long-term maintenance of private sector intercity passenger service is of vital importance to the state.

(3) Intercity bus companies serve many communities throughout California, providing a network of connection points without equal by any other mode of public or private transportation.

(b) To the extent permitted by federal law, the department shall encourage Amtrak and motor carriers of passengers to do both of the following:

(1) Combine or package their respective services and facilities to the public as a means of improving services to the public.

(2) Coordinate schedules, routes, rates, reservations, and ticketing to provide for enhanced intermodal surface transportation.

(c) Except as authorized under subdivisions (e) and (f), the department may provide funding to Amtrak for the purpose of entering into a contract with a motor carrier of passengers for the intercity transportation of passengers by motor carrier over regular routes only if all of the following conditions are met:

(1) The motor carrier is not a public recipient of governmental assistance, as defined in Section 13902(b)(8)(A) of Title 49 of the United States Code, other than a recipient of funds under Section 5311(f) of that title and code. This paragraph does not apply if a local public motor carrier proposes to serve passengers only within its service area.

(2) Service is provided only for passengers on trips where the passengers have had prior movement by rail or will have subsequent movement by rail, evidenced by a combination rail and bus one-way or roundtrip ticket, or service is also provided on State Highway Route 50 between the City of Sacramento and the City of South Lake Tahoe and intermediate points for passengers solely by bus if no other bus service is provided by a private intercity bus company.

(3) Vehicles of the motor carrier, when used to transport passengers pursuant to paragraph (2), are used exclusively for that purpose.

(4) The motor carrier is registered with the United States Department of Transportation (DOT) and operates in compliance with the federal motor carrier safety regulations, and provides service that is accessible to persons with disabilities in compliance with applicable DOT regulations pertaining to Amtrak services, in accordance with the federal Americans with Disabilities Act of 1990 (Public Law 101-336).

(d) The department shall incorporate the conditions specified in subdivision (c) into state-supported passenger rail feeder bus service agreements between Amtrak and motor carriers of passengers. The bus service agreements shall also provide that a breach of those conditions shall be grounds for termination of the agreements.

(e) Notwithstanding subdivisions (c) and (d), the department may provide funding to Amtrak for the purpose of entering into a contract with a motor carrier of passengers to transport Amtrak passengers on buses operated on a route, if the buses are operated by the motor carrier as part of a regularly scheduled, daily bus service that has been operating consecutively without an Amtrak contract for 12 months immediately prior to contracting with Amtrak.

(f) Notwithstanding subdivisions (c) and (d), or any other provision of law, the department may enter into a contract, either directly with a public motor carrier in the County of Monterey, or indirectly with that carrier through a contract with Amtrak, to provide mixed-mode feeder

bus service on the San Jose-Gilroy-Monterey route. The contract with a public motor carrier may only be entered into if the department determines that there is no private motor carrier providing scheduled bus service on the San Jose-Gilroy-Monterey route. However, the contract shall be terminated, within 120 days' notice to the public motor carrier, if a private motor carrier again operates a scheduled service on the San Jose-Gilroy-Monterey route.

(g) Pursuant to paragraph (2) of subdivision (c), the department may amend its contract with Amtrak to add a term to provide bus service to passengers traveling solely by bus on the Sacramento-South Lake Tahoe route. The contract amendment with Amtrak may only be entered into if the department determines that there is no private motor carrier providing scheduled bus service on that route. However, the contract amendment shall be terminated, within 120 days' notice to Amtrak, if a private motor carrier again operates a scheduled bus service on the Sacramento-South Lake Tahoe route.

(h) The department shall undertake a two-year study of patronage on the bus service operated between the City of Sacramento and the City of South Lake Tahoe and intermediate points pursuant to subdivision (g), identifying the number of passengers who are transferring to an Amtrak rail service and those who are traveling solely on the bus service. The study shall identify the revenue from each category of passengers and include other pertinent ridership information. The report shall be submitted to the transportation policy committees of the Legislature no later than March 1, 2010.

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

- (1) "Amtrak" means the National Railroad Passenger Corporation.
- (2) "Department" means the Department of Transportation or the department's successor with respect to providing funds to subsidize Amtrak service.
- (3) "Motor carrier of passengers" means a person or entity providing motor vehicle transportation of passengers for compensation.
- (4) "Mixed-mode feeder bus service" means bus service carrying both passengers connecting to or from a rail service and passengers only using the bus service.

CHAPTER 201

An act to amend Section 117560 of the Health and Safety Code, and to amend Sections 830.7 and 11105 of the Penal Code, relating to illegal dumping enforcement officers.

[Approved by Governor September 10, 2007. Filed with
Secretary of State September 10, 2007.]

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

SECTION 1. Section 117560 of the Health and Safety Code is amended to read:

117560. A state fish and game warden, police officer of a city, sheriff, deputy of a sheriff, person described in subdivision (j) of Section 830.7 of the Penal Code, and any other peace officer of the State of California, within his or her respective jurisdiction, shall enforce this article.

SEC. 2. Section 830.7 of the Penal Code is amended to read:

830.7. The following persons are not peace officers but may exercise the powers of arrest of a peace officer as specified in Section 836 during the course and within the scope of their employment, if they successfully complete a course in the exercise of those powers pursuant to Section 832:

(a) Persons designated by a cemetery authority pursuant to Section 8325 of the Health and Safety Code.

(b) Persons regularly employed as security officers for independent institutions of higher education, recognized under subdivision (b) of Section 66010 of the Education Code, if the institution has concluded a memorandum of understanding, permitting the exercise of that authority, with the sheriff or the chief of police within whose jurisdiction the institution lies.

(c) Persons regularly employed as security officers for health facilities, as defined in Section 1250 of the Health and Safety Code, that are owned and operated by cities, counties, and cities and counties, if the facility has concluded a memorandum of understanding, permitting the exercise of that authority, with the sheriff or the chief of police within whose jurisdiction the facility lies.

(d) Employees or classes of employees of the California Department of Forestry and Fire Protection designated by the Director of Forestry and Fire Protection, provided that the primary duty of the employee shall be the enforcement of the law as that duty is set forth in Section 4156 of the Public Resources Code.

(e) Persons regularly employed as inspectors, supervisors, or security officers for transit districts, as defined in Section 99213 of the Public Utilities Code, if the district has concluded a memorandum of understanding permitting the exercise of that authority, with, as applicable, the sheriff, the chief of police, or the Department of the California Highway Patrol within whose jurisdiction the district lies. For the purposes of this subdivision, the exercise of peace officer authority

may include the authority to remove a vehicle from a railroad right-of-way as set forth in Section 22656 of the Vehicle Code.

(f) Nonpeace officers regularly employed as county parole officers pursuant to Section 3089.

(g) Persons appointed by the Executive Director of the California Science Center pursuant to Section 4108 of the Food and Agricultural Code.

(h) Persons regularly employed as investigators by the Department of Transportation for the City of Los Angeles and designated by local ordinance as public officers, to the extent necessary to enforce laws related to public transportation, and authorized by a memorandum of understanding with the chief of police, permitting the exercise of that authority. For the purposes of this subdivision, "investigator" means an employee defined in Section 53075.61 of the Government Code authorized by local ordinance to enforce laws related to public transportation. Transportation investigators authorized by this section shall not be deemed "peace officers" for purposes of Sections 241 and 243.

(i) Persons regularly employed by any department of the City of Los Angeles who are designated as security officers and authorized by local ordinance to enforce laws related to the preservation of peace in or about the properties owned, controlled, operated, or administered by any department of the City of Los Angeles and authorized by a memorandum of understanding with the Chief of Police of the City of Los Angeles permitting the exercise of that authority. Security officers authorized pursuant to this subdivision shall not be deemed peace officers for purposes of Sections 241 and 243.

(j) Illegal dumping enforcement officers, to the extent necessary to enforce laws related to illegal waste dumping, or littering, and authorized by a memorandum of understanding with, as applicable, the sheriff or chief of police within whose jurisdiction the person is employed, permitting the exercise of that authority. An "illegal dumping enforcement officer" is defined, for purposes of this section, as a person regularly employed by a city, county, or city and county, whose duties include illegal dumping enforcement and is designated by local ordinance as a public officer. No person may be appointed as an illegal dumping enforcement officer if that person is disqualified pursuant to the criteria set forth in Section 1029 of the Government Code. Persons designated pursuant to this subdivision may be furnished state summary criminal history information upon a showing of compelling need pursuant to subdivision (c) of Section 11105.

SEC. 3. 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) City attorneys pursuing civil gang injunctions pursuant to Section 186.22a, or drug abatement actions pursuant to Section 3479 or 3480 of the Civil Code, or Section 11571 of the Health and Safety Code.

(6) Probation officers of the state.

(7) Parole officers of the state.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) 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.

(15) Any managing or supervising correctional officer of a county jail or other county correctional facility.

(16) 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.

(17) 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.

(18) 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 an illegal dumping enforcement officer as defined in subdivision (j) of Section 830.7.

(4) To a peace officer of another country.

(5) 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.

(6) 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.

(7) The courts of the United States, other states, or territories or possessions of the United States.

(8) Peace officers of the United States, other states, or territories or possessions of the United States.

(9) 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.

(10) (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.

(11) 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.

CHAPTER 202

An act to add Sections 19605.46 and 19605.47 to the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

[Approved by Governor September 10, 2007. Filed with
Secretary of State September 10, 2007.]

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

SECTION 1. Section 19605.46 is added to the Business and Professions Code, to read:

19605.46. Notwithstanding subdivision (a) of Section 19605, and Section 19605.1, the Alameda County Fair may, with the approval of the Department of Food and Agriculture, the authorization of the board, and subject to the conditions set forth in Section 19605.3, operate two additional satellite wagering facilities within the boundaries of the fair district. However, any facility situated in the City of Oakland shall be sited only with the concurrence of the racing association in Alameda County. The racing association in Alameda County shall have the opportunity to invest in the ownership and operation of any satellite wagering facility situated in the City of Oakland or within 20 miles of the racing association's racetrack in Alameda County.

SEC. 2. Section 19605.47 is added to the Business and Professions Code, to read:

19605.47. The Los Angeles County Fair may conduct satellite wagering at an additional location, situated not more than 20 miles from its fairgrounds, with the approval of the board. If the additional satellite wagering facility is within 20 miles of another racetrack, the consent of that racetrack or those racetracks shall be received as a condition precedent to approval by the board.

CHAPTER 203

An act to amend Section 3899 of, and to add Section 4210 to, the Food and Agricultural Code, relating to agriculture.

[Approved by Governor September 11, 2007. Filed with
Secretary of State September 11, 2007.]

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

SECTION 1. Section 3899 of the Food and Agricultural Code is amended to read:

3899. District 48 is the County of Los Angeles.

SEC. 2. Section 4210 is added to the Food and Agricultural Code, to read:

4210. Notwithstanding any other provision of law, the directors of the 48th District Agricultural Association may not serve concurrently on another fair board.

CHAPTER 204

An act to amend Section 48205 of the Education Code, relating to pupils.

[Approved by Governor September 11, 2007. Filed with
Secretary of State September 11, 2007.]

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

SECTION 1. Section 48205 of the Education Code is amended to read:

48205. (a) Notwithstanding Section 48200, a pupil shall be excused from school when the absence is:

(1) Due to his or her illness.

(2) Due to quarantine under the direction of a county or city health officer.

(3) For the purpose of having medical, dental, optometrical, or chiropractic services rendered.

(4) For the purpose of attending the funeral services of a member of his or her immediate family, so long as the absence is not more than one day if the service is conducted in California and not more than three days if the service is conducted outside California.

- (5) For the purpose of jury duty in the manner provided for by law.
- (6) Due to the illness or medical appointment during school hours of a child of whom the pupil is the custodial parent.
- (7) For justifiable personal reasons, including, but not limited to, an appearance in court, attendance at a funeral service, observance of a holiday or ceremony of his or her religion, attendance at religious retreats, attendance at an employment conference, or attendance at an educational conference on the legislative or judicial process offered by a nonprofit organization when the pupil's absence is requested in writing by the parent or guardian and approved by the principal or a designated representative pursuant to uniform standards established by the governing board.
- (8) For the purpose of serving as a member of a precinct board for an election pursuant to Section 12302 of the Elections Code.
- (b) A pupil absent from school under this section shall be allowed to complete all assignments and tests missed during the absence that can be reasonably provided and, upon satisfactory completion within a reasonable period of time, shall be given full credit therefor. The teacher of the class from which a pupil is absent shall determine which tests and assignments shall be reasonably equivalent to, but not necessarily identical to, the tests and assignments that the pupil missed during the absence.
- (c) For purposes of this section, attendance at religious retreats shall not exceed four hours per semester.
- (d) Absences pursuant to this section are deemed to be absences in computing average daily attendance and shall not generate state apportionment payments.
- (e) "Immediate family," as used in this section, has the same meaning as that set forth in Section 45194, except that references therein to "employee" shall be deemed to be references to "pupil."

CHAPTER 205

An act to amend Section 6320 of the Family Code, relating to protective orders.

[Approved by Governor September 11, 2007. Filed with
Secretary of State September 11, 2007.]

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

SECTION 1. The Legislature finds and declares the following:

(a) There is a correlation between animal abuse, family violence, and other forms of community violence.

(b) According to the California Department of Justice, California law enforcement received 181,362 domestic violence calls in 2005.

(c) Perpetrators often abuse animals in order to intimidate, harass, or silence their human victims.

(d) A survey of pet-owning families with substantiated child abuse and neglect found that animals were abused in 88 percent of homes where child physical abuse was present.

(e) A 1997 survey of 50 of the largest shelters for battered women in the United States found that 85 percent of women and 63 percent of children entering shelters discussed incidents of pet abuse in the family.

(f) A study of women seeking shelter at a safe house showed that 71 percent of those having pets affirmed that their partner had threatened, hurt, or killed their companion animals.

(g) Another study showed that violent offenders incarcerated in a maximum security prison were significantly more likely than nonviolent offenders to have committed childhood acts of cruelty toward pets.

(h) In many communities across California and the United States, human services, animal services, and law enforcement agencies are sharing resources and expertise to address violence, including engaging in cross-training and cross-reporting through interagency partnerships.

SEC. 2. Section 6320 of the Family Code is amended to read:

6320. (a) The court may issue an ex parte order enjoining a party from molesting, attacking, striking, stalking, threatening, sexually assaulting, battering, harassing, telephoning, including, but not limited to, annoying telephone calls as described in Section 653m of the Penal Code, destroying personal property, contacting, either directly or indirectly, by mail or otherwise, coming within a specified distance of, or disturbing the peace of the other party, and, in the discretion of the court, on a showing of good cause, of other named family or household members.

(b) On a showing of good cause, the court may include in a protective order a grant to the petitioner of the exclusive care, possession, or control of any animal owned, possessed, leased, kept, or held by either the petitioner or the respondent or a minor child residing in the residence or household of either the petitioner or the respondent. The court may order the respondent to stay away from the animal and forbid the respondent from taking, transferring, encumbering, concealing, molesting, attacking, striking, threatening, harming, or otherwise disposing of the animal.

(c) On or before July 1, 2009, the Judicial Council shall modify the criminal and civil court forms consistent with 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 1037.1, 1037.2, 1037.4, and 1037.5 of the Evidence Code, and to amend Section 679.05 of the Penal Code, relating to domestic violence.

[Approved by Governor September 11, 2007. Filed with
Secretary of State September 11, 2007.]

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

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

(1) It is the intent of the Legislature in enacting this act to clarify and strengthen the applicable statutory definitions associated with the domestic violence victim-counselor privilege. These clarifications are designed to give all parties detailed information about the privilege in accordance with emerging changes in domestic violence programs and services.

(2) These provisions have played a critically important role in protecting the lives and safety of domestic violence victims by allowing them to access shelter programs and supportive services that enable those victims and their children to escape their abusive home environment and achieve independence from their abusers.

(3) However, since its enactment, the domestic violence victim-counselor privilege provisions have not been amended to reflect the growth in the types of comprehensive domestic violence programs. Consequently, the current statutory definitions relating to this privilege have caused some confusion within the domestic violence community as to persons eligible to invoke the privilege and the types of communications that shall be deemed confidential and privileged.

(b) Finally, the Legislature hereby finds and declares that the amendments to those provisions constitute clarifications and revisions

that are consistent with the original intent and purpose of the domestic violence victim-counselor privilege.

SEC. 2. Section 1037.1 of the Evidence Code is amended to read:

1037.1. (a) (1) As used in this article, “domestic violence counselor” means a person who is employed by a domestic violence victim service organization, as defined in this article, whether financially compensated or not, for the purpose of rendering advice or assistance to victims of domestic violence and who has at least 40 hours of training as specified in paragraph (2).

(2) The 40 hours of training shall be supervised by an individual who qualifies as a counselor under paragraph (1), and who has at least one year of experience counseling domestic violence victims for the domestic violence victim service organization. The training shall include, but need not be limited to, the following areas: history of domestic violence, civil and criminal law as it relates to domestic violence, the domestic violence victim-counselor privilege and other laws that protect the confidentiality of victim records and information, societal attitudes towards domestic violence, peer counseling techniques, housing, public assistance and other financial resources available to meet the financial needs of domestic violence victims, and referral services available to domestic violence victims.

(3) A domestic violence counselor who has been employed by the domestic violence victim service organization for a period of less than six months shall be supervised by a domestic violence counselor who has at least one year of experience counseling domestic violence victims for the domestic violence victim service organization.

(b) As used in this article, “domestic violence victim service organization” means a nongovernmental organization or entity that provides shelter, programs, or services to victims of domestic violence and their children, including, but not limited to, either of the following:

(1) Domestic violence shelter-based programs, as described in Section 18294 of the Welfare and Institutions Code.

(2) Other programs with the primary mission to provide services to victims of domestic violence whether or not that program exists in an agency that provides additional services.

SEC. 3. Section 1037.2 of the Evidence Code is amended to read:

1037.2. (a) As used in this article, “confidential communication” means any information, including, but not limited to, written or oral communication, transmitted between the victim and the counselor 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 domestic violence counselor is consulted. The term includes all information regarding the facts and circumstances involving all incidences of domestic violence, as well as all information about the children of the victim or abuser and the relationship of the victim with the abuser.

(b) The court may compel disclosure of information received by a domestic violence counselor which constitutes relevant evidence of the facts and circumstances involving a crime allegedly perpetrated against the victim or another household member and which 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. The court may also compel disclosure in proceedings related to child abuse if the court determines that the probative value of the evidence outweighs the effect of the disclosure on the victim, the counseling relationship, and the counseling services.

(c) 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 such other persons as the person authorized to claim the privilege consents to have present. 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.

(d) 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 subdivisions (1), (2), and (3) of Section 1035.4 shall be followed.

SEC. 4. Section 1037.4 of the Evidence Code is amended to read:

1037.4. As used in this article, "holder of the privilege" means:

- (a) The victim when he or she has no guardian or conservator.
- (b) A guardian or conservator of the victim when the victim has a guardian or conservator, unless the guardian or conservator is accused of perpetrating domestic violence against the victim.

SEC. 5. Section 1037.5 of the Evidence Code is amended to read:

1037.5. A victim of domestic violence, 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 domestic violence counselor in any proceeding specified in Section 901 if the privilege is claimed by any of the following persons:

(a) The holder of the privilege.

(b) A person who is authorized to claim the privilege by the holder of the privilege.

(c) The person who was the domestic violence counselor 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.

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 advocate 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 advocate" means either a person employed by a program specified in Section 13835.2 for the purpose of rendering advice or assistance to victims of domestic violence, or a domestic violence counselor, as defined in Section 1037.1 of the Evidence Code. Prior to being present at any interview conducted by law enforcement authorities, prosecutors, or defense attorneys, a domestic violence advocate shall advise the victim of any applicable limitations on the confidentiality of communications between the victim and the domestic violence advocate.

(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 advocate 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

advocate 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.

CHAPTER 207

An act to amend Section 1644.5 of the Health and Safety Code, relating to public health.

[Approved by Governor September 11, 2007. Filed with
Secretary of State September 11, 2007.]

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

SECTION 1. Section 1644.5 of the Health and Safety Code is amended to read:

1644.5. (a) No tissues shall be transferred into the body of another person by means of transplantation, unless the donor of the tissues has been screened and found nonreactive by laboratory tests for evidence of infection with HIV, agents of viral hepatitis (HBV and HCV), human T lymphotropic virus-1 (HTLV-1), and syphilis, except as provided in subdivision (c). The department may adopt regulations requiring additional screening tests of donors of tissues when, in the opinion of the department, the action is necessary for the protection of the public, donors, or recipients.

(b) Notwithstanding subdivision (a), infectious disease screening of blood and blood products shall be carried out solely in accordance with Article 2 (commencing with Section 1601) of Chapter 4.

(c) All donors of sperm shall be screened and found nonreactive as required under subdivision (a), except in the following instances:

(1) A recipient of sperm, from a sperm donor known to the recipient, may waive a second or other repeat testing of that donor if the recipient is informed of the requirements for testing donors under this section and signs a written waiver.

(2) A recipient of sperm may consent to therapeutic insemination of sperm or use of sperm in other advanced reproductive technologies even if the sperm donor is found reactive for hepatitis B, hepatitis C, syphilis, HIV or HTLV-1 if the sperm donor is the spouse of, partner of, or designated donor for that recipient. The physician providing insemination or advanced reproductive technology services shall advise the donor and

recipient of the potential medical risks associated with receiving sperm from a reactive donor. The donor and the recipient shall sign a document affirming that each comprehends the medical repercussions of using sperm from a reactive donor for the proposed procedure and that each consents to it. Copies of the document shall be placed in the medical records of the donor and the recipient.

(3) (A) Sperm whose donor has tested reactive for syphilis may be used for the purposes of insemination or advanced reproductive technology only after the donor has been treated for syphilis. Sperm whose donor has tested reactive for hepatitis B may be used for the purposes of insemination or advanced reproductive technology only after the recipient has been vaccinated against hepatitis B.

(B) (i) Sperm whose donor has tested reactive for HIV or HTLV-1 may be used for the purposes of insemination or advanced reproductive technology for a recipient testing negative for HIV or HTLV-1 only after the donor's sperm has been effectively processed to minimize the infectiousness of the sperm for that specific donation and where informed and mutual consent has occurred.

(ii) The department shall adopt regulations by January 1, 2010, regulating facilities that perform sperm processing, pursuant to this subparagraph, that prescribe standards for the handling and storage of sperm samples of carriers of HIV, HTLV-1, or any other virus as deemed appropriate by the department. Until the department adopts these regulations, facilities that perform sperm processing shall follow facility and sperm processing guidelines developed by the American Society of Reproductive Medicine.

(iii) Prior to insemination or other advanced reproductive technology services, the physician shall inform the recipient of sperm from a donor who has tested reactive for HIV or HTLV-1 that sperm processing may not eliminate all risks of HIV or HTLV-1 transmission, and that the sperm may be tested to determine whether or not it is free of HIV or HTLV-1. The physician shall also inform the recipient of potential adverse effects the testing may have on the processed sperm.

(iv) The physician providing insemination or advanced reproductive technology services shall provide, as appropriate, prophylactic treatments, including, but not limited to, antiretroviral treatments, to the recipient to reduce the risk of acquiring infection during, and subsequent to, insemination or advanced reproductive technology. The physician shall also treat, as appropriate, the donor of sperm that tests reactive for HIV or HTLV-1 with antiretroviral treatments prior to insemination or advanced reproductive technology services. The physician shall perform appropriate followup testing of the recipient for HIV or HTLV-1 following the insemination or other advanced reproductive technology,

and recommend ongoing monitoring by a physician during treatment and pregnancy. The physician shall also recommend in the sperm recipient's medical record that the recipient be monitored during treatment and pregnancy.

(v) In the event that the recipient tests reactive for HIV or HTLV-1 following insemination or other advanced reproductive technology, the physician shall inform the recipient of appropriate treatments during and after pregnancy, and of treatments or procedures that may reduce the risk of transmission to the offspring.

(vi) Sperm whose donor has tested reactive for HIV or HTLV-1 may be used for the purposes of insemination or advanced reproductive technology if the recipient already has been previously documented with HIV or HTLV-1 infection, and where informed and mutual consent has occurred.

(4) The penalties of Section 1621.5 shall not apply to a sperm donor covered under this subdivision.

(d) Subdivision (a) shall not apply to the transplantation of tissue from a donor who has not been tested or, with the exception of HIV and HTLV-1, has been found reactive for the infectious diseases listed in subdivision (a) or for which the department has, by regulation, required additional screening tests, if both of the following conditions are satisfied:

(1) The physician and surgeon performing the transplantation has determined any one or more of the following:

(A) Without the transplantation the intended recipient will most likely die during the period of time necessary to obtain other tissue or to conduct the required tests.

(B) The intended recipient already is diagnosed with the infectious disease for which the donor has tested positive.

(C) The symptoms from the infectious disease for which the donor has tested positive will most likely not appear during the intended recipient's likely lifespan after transplantation with the tissue or may be treated prophylactically if they do appear.

(2) Consent for the use of the tissue has been obtained from the recipient, if possible, or if not possible, from a member of the recipient's family, or the recipient's legal guardian. For purposes of this section, "family" shall mean spouse, adult son or daughter, either parent, adult brother or sister, or grandparent.

(e) Human breast milk from donors who test reactive for agents of viral hepatitis (HBV and HCV), human T lymphotropic virus-1 (HTLV-1), HIV, or syphilis shall not be used for deposit into a milk bank for human ingestion in California.

CHAPTER 208

An act to amend Section 6603 of the Welfare and Institutions Code, relating to sexually violent predators.

[Approved by Governor September 11, 2007. Filed with
Secretary of State September 11, 2007.]

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

SECTION 1. Section 6603 of the Welfare and Institutions Code is amended to read:

6603. (a) A person subject to this article shall be entitled to a trial by jury, to the assistance of counsel, to the right to retain experts or professional persons to perform an examination on his or her behalf, and to have access to all relevant medical and psychological records and reports. In the case of a person who is indigent, the court shall appoint counsel to assist him or her, and, upon the person's request, assist the person in obtaining an expert or professional person to perform an examination or participate in the trial on the person's behalf. Any right that may exist under this section to request DNA testing on prior cases shall be made in conformity with Section 1405 of the Penal Code.

(b) The attorney petitioning for commitment under this article shall have the right to demand that the trial be before a jury.

(c) (1) If the attorney petitioning for commitment under this article determines that updated evaluations are necessary in order to properly present the case for commitment, the attorney may request the State Department of Mental Health to perform updated evaluations. If one or more of the original evaluators is no longer available to testify for the petitioner in court proceedings, the attorney petitioning for commitment under this article may request the State Department of Mental Health to perform replacement evaluations. When a request is made for updated or replacement evaluations, the State Department of Mental Health shall perform the requested evaluations and forward them to the petitioning attorney and to the counsel for the person subject to this article. However, updated or replacement evaluations shall not be performed except as necessary to update one or more of the original evaluations or to replace the evaluation of an evaluator who is no longer available to testify for the petitioner in court proceedings. These updated or replacement evaluations shall include review of available medical and psychological records, including treatment records, consultation with current treating clinicians, and interviews of the person being evaluated, either voluntarily or by court order. If an updated or replacement evaluation results in a

split opinion as to whether the person subject to this article meets the criteria for commitment, the State Department of Mental Health shall conduct two additional evaluations in accordance with subdivision (f) of Section 6601.

(2) For purposes of this subdivision, “no longer available to testify for the petitioner in court proceedings” means that the evaluator is no longer authorized by the Director of Mental Health to perform evaluations regarding sexually violent predators as a result of any of the following:

(A) The evaluator has failed to adhere to the protocol of the State Department of Mental Health.

(B) The evaluator’s license has been suspended or revoked.

(C) The evaluator is unavailable pursuant to Section 240 of the Evidence Code.

(d) Nothing in this section shall prevent the defense from presenting otherwise relevant and admissible evidence.

(e) If the person subject to this article or the petitioning attorney does not demand a jury trial, the trial shall be before the court without a jury.

(f) A unanimous verdict shall be required in any jury trial.

(g) The court shall notify the State Department of Mental Health of the outcome of the trial by forwarding to the department a copy of the minute order of the court within 72 hours of the decision.

(h) Nothing in this section shall limit any legal or equitable right that a person may have to request DNA testing.

SEC. 2. The Legislature does not intend to create any new right to DNA testing on prior cases. It is the intent of the Legislature to provide for a procedure for DNA testing in the event Section 6603 of the Welfare and Institutions Code is construed to provide a right to DNA testing on prior cases.

CHAPTER 209

An act relating to public utilities.

[Approved by Governor September 11, 2007. Filed with
Secretary of State September 11, 2007.]

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

SECTION 1. Article 2 (commencing with Section 10051) of Chapter 1 of Division 5 of the Public Utilities Code shall not apply to the lease, sale, or transfer of public utilities by a municipal corporation to another local agency pursuant to the Cortese-Knox-Hertzberg Local Government

Reorganization Act (Division 3 (commencing with Section 56000) of Part 3 of Division 2 of Title 5 of the Government Code).

CHAPTER 210

An act to amend Sections 1646.9 and 2079 of the Business and Professions Code, relating to dentistry, and making an appropriation therefor.

[Approved by Governor September 11, 2007. Filed with
Secretary of State September 11, 2007.]

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

SECTION 1. Section 1646.9 of the Business and Professions Code is amended to read:

1646.9. (a) Notwithstanding any other provision of law, including, but not limited to, Section 1646.1, a physician and surgeon licensed pursuant to Chapter 5 (commencing with Section 2000) may administer general anesthesia in the office of a licensed dentist for dental patients, without regard to whether the dentist possesses a permit issued pursuant to this article, if both of the following conditions are met:

(1) The physician and surgeon possesses a current license in good standing to practice medicine in this state.

(2) The physician and surgeon holds a valid general anesthesia permit issued by the Dental Board of California pursuant to subdivision (b).

(b) (1) A physician and surgeon who desires to administer general anesthesia as set forth in subdivision (a) shall apply to the Dental Board of California on an application form prescribed by the board and shall submit all of the following:

(A) The payment of an application fee prescribed by this article.

(B) Evidence satisfactory to the Medical Board of California showing that the applicant has successfully completed a postgraduate residency training program in anesthesiology that is recognized by the American Council on Graduate Medical Education, as set forth in Section 2079.

(C) Documentation demonstrating that all equipment and drugs required by the Dental Board of California are possessed by the applicant and shall be available for use in any dental office in which he or she administers general anesthesia.

(D) Information relative to the current membership of the applicant on hospital medical staffs.

(2) Prior to issuance or renewal of a permit pursuant to this section, the Dental Board of California may, at its discretion, require an onsite inspection and evaluation of the facility, equipment, personnel, including, but not limited to, the physician and surgeon, and procedures utilized. At least one of the persons evaluating the procedures utilized by the physician and surgeon shall be a licensed physician and surgeon expert in outpatient general anesthesia who has been authorized or retained under contract by the Dental Board of California for this purpose.

(3) The permit of a physician and surgeon who has failed an onsite inspection and evaluation shall be automatically suspended 30 days after the date on which the board notifies the physician and surgeon of the failure unless within that time period the physician and surgeon has retaken and passed an onsite inspection and evaluation. Every physician and surgeon issued a permit under this article shall have an onsite inspection and evaluation at least once every six years. Refusal to submit to an inspection shall result in automatic denial or revocation of the permit.

SEC. 2. Section 2079 of the Business and Professions Code is amended to read:

2079. (a) A physician and surgeon who desires to administer general anesthesia in the office of a dentist pursuant to Section 1646.9, shall provide the Medical Board of California with a copy of the application submitted to the Dental Board of California pursuant to subdivision (b) of Section 1646.9 and a fee established by the board not to exceed the costs of processing the application as provided in this section.

(b) The Medical Board of California shall review the information submitted and take action as follows:

(1) Inform the Dental Board of California whether the physician and surgeon has a current license in good standing to practice medicine in this state.

(2) Verify whether the applicant has successfully completed a postgraduate residency training program in anesthesiology and whether the program has been recognized by the American Council on Graduate Medical Education.

(3) Inform the Dental Board of California whether the Medical Board of California has determined that the applicant has successfully completed the postgraduate residency training program in anesthesiology recognized by the American Council on Graduate Medicine.

CHAPTER 211

An act to repeal Section 557.6 of the Insurance Code, relating to insurance.

[Approved by Governor September 11, 2007. Filed with
Secretary of State September 11, 2007.]

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

SECTION 1. Section 557.6 of the Insurance Code is repealed.

CHAPTER 212

An act to repeal and add Chapter 2 (commencing with Section 1713) of Title 11 of Part 3 of the Code of Civil Procedure, relating to judgments.

[Approved by Governor September 11, 2007. Filed with
Secretary of State September 11, 2007.]

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

SECTION 1. Chapter 2 (commencing with Section 1713) of Title 11 of Part 3 of the Code of Civil Procedure is repealed.

SEC. 2. Chapter 2 (commencing with Section 1713) is added to Title 11 of Part 3 of the Code of Civil Procedure, to read:

CHAPTER 2. FOREIGN-COUNTRY MONEY JUDGMENTS

1713. This chapter may be cited as the Uniform Foreign-Country Money Judgments Recognition Act.

1714. As used in this chapter:

(a) "Foreign country" means a government other than any of the following:

(1) The United States.

(2) A state, district, commonwealth, territory, or insular possession of the United States.

(3) Any other government with regard to which the decision in this state as to whether to recognize a judgment of that government's courts is initially subject to determination under the Full Faith and Credit Clause of the United States Constitution.

(b) “Foreign-country judgment” means a judgment of a court of a foreign country. “Foreign-country judgment” includes a judgment by any Indian tribe recognized by the government of the United States.

1715. (a) Except as otherwise provided in subdivision (b), this chapter applies to a foreign-country judgment to the extent that the judgment both:

- (1) Grants or denies recovery of a sum of money.
- (2) Under the law of the foreign country where rendered, is final, conclusive, and enforceable.

(b) This chapter does not apply to a foreign-country judgment, even if the judgment grants or denies recovery of a sum of money, to the extent that the judgment is any of the following:

- (1) A judgment for taxes.
- (2) A fine or other penalty.
- (3) (A) A judgment for divorce, support, or maintenance, or other judgment rendered in connection with domestic relations.
(B) A judgment for divorce, support, or maintenance, or other judgment rendered in connection with domestic relations may be recognized by a court of this state pursuant to Section 1723.

(c) A party seeking recognition of a foreign-country judgment has the burden of establishing that the foreign-country judgment is entitled to recognition under this chapter.

1716. (a) Except as otherwise provided in subdivisions (b) and (c), a court of this state shall recognize a foreign-country judgment to which this chapter applies.

(b) A court of this state shall not recognize a foreign-country judgment if any of the following apply:

- (1) The judgment was rendered under a judicial system that does not provide impartial tribunals or procedures compatible with the requirements of due process of law.
- (2) The foreign court did not have personal jurisdiction over the defendant.
- (3) The foreign court did not have jurisdiction over the subject matter.

(c) A court of this state is not required to recognize a foreign-country judgment if any of the following apply:

- (1) The defendant in the proceeding in the foreign court did not receive notice of the proceeding in sufficient time to enable the defendant to defend.
- (2) The judgment was obtained by fraud that deprived the losing party of an adequate opportunity to present its case.
- (3) The judgment or the cause of action or claim for relief on which the judgment is based is repugnant to the public policy of this state or of the United States.

(4) The judgment conflicts with another final and conclusive judgment.

(5) The proceeding in the foreign court was contrary to an agreement between the parties under which the dispute in question was to be determined otherwise than by proceedings in that foreign court.

(6) In the case of jurisdiction based only on personal service, the foreign court was a seriously inconvenient forum for the trial of the action.

(7) The judgment was rendered in circumstances that raise substantial doubt about the integrity of the rendering court with respect to the judgment.

(8) The specific proceeding in the foreign court leading to the judgment was not compatible with the requirements of due process of law.

(d) When the party seeking recognition of a foreign-country judgment has met its burden of establishing recognition of the foreign-country judgment pursuant to subdivision (c) of Section 1715, a party resisting recognition of a foreign-country judgment has the burden of establishing that a ground for nonrecognition stated in subdivision (b) or (c) exists.

1717. (a) A foreign-country judgment shall not be refused recognition for lack of personal jurisdiction if any of the following apply:

(1) The defendant was served with process personally in the foreign country.

(2) The defendant voluntarily appeared in the proceeding, other than for the purpose of protecting property seized or threatened with seizure in the proceeding or of contesting the jurisdiction of the court over the defendant.

(3) The defendant, before the commencement of the proceeding, had agreed to submit to the jurisdiction of the foreign court with respect to the subject matter involved.

(4) The defendant was domiciled in the foreign country when the proceeding was instituted or was a corporation or other form of business organization that had its principal place of business in, or was organized under the laws of, the foreign country.

(5) The defendant had a business office in the foreign country and the proceeding in the foreign court involved a cause of action or claim for relief arising out of business done by the defendant through that office in the foreign country.

(6) The defendant operated a motor vehicle or airplane in the foreign country and the proceeding involved a cause of action or claim for relief arising out of that operation.

(b) The list of bases for personal jurisdiction in subdivision (a) is not exclusive. The courts of this state may recognize bases of personal

jurisdiction other than those listed in subdivision (a) as sufficient to support a foreign-country judgment.

1718. (a) If recognition of a foreign-country judgment is sought as an original matter, the issue of recognition shall be raised by filing an action seeking recognition of the foreign-country judgment.

(b) If recognition of a foreign-country judgment is sought in a pending action, the issue of recognition may be raised by counterclaim, cross-claim, or affirmative defense.

1719. If the court in a proceeding under Section 1718 finds that the foreign-country judgment is entitled to recognition under this chapter then, to the extent that the foreign-country judgment grants or denies recovery of a sum of money, the foreign-country judgment is both of the following:

(a) Conclusive between the parties to the same extent as the judgment of a sister state entitled to full faith and credit in this state would be conclusive.

(b) Enforceable in the same manner and to the same extent as a judgment rendered in this state.

1720. If a party establishes that an appeal from a foreign-country judgment is pending or will be taken in the foreign country, the court may stay any proceedings with regard to the foreign-country judgment until the appeal is concluded, the time for appeal expires, or the appellant has had sufficient time to prosecute the appeal and has failed to do so.

1721. An action to recognize a foreign-country judgment shall be commenced within the earlier of the time during which the foreign-country judgment is effective in the foreign country or 10 years from the date that the foreign-country judgment became effective in the foreign country.

1722. In applying and construing this uniform act, consideration shall be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

1723. This chapter does not prevent the recognition under principles of comity or otherwise of a foreign-country judgment not within the scope of this chapter.

1724. (a) This chapter applies to all actions commenced on or after the effective date of this chapter in which the issue of recognition of a foreign-country judgment is raised.

(b) The former Uniform Foreign Money-Judgments Recognition Act (Chapter 2 (commencing with Section 1713) of Title 11 of Part 3) applies to all actions commenced before the effective date of this chapter in which the issue of recognition of a foreign-country judgment is raised.

CHAPTER 213

An act to amend Sections 16002 and 28748.8 of, and to repeal and add Section 24908 of, the Public Utilities Code, and to amend Section 20200 of the Water Code, relating to local government.

[Approved by Governor September 11, 2007. Filed with
Secretary of State September 11, 2007.]

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

SECTION 1. Section 16002 of the Public Utilities Code is amended to read:

16002. (a) Each member of the board may receive the compensation that the board by ordinance provides, not exceeding four thousand eight hundred dollars (\$4,800) a year.

(b) (1) As an alternative to subdivision (a), the board may provide, by ordinance or resolution, that each of its members receive compensation in an amount not to exceed one hundred dollars (\$100) for each day of service. A member of the board shall not receive compensation for more than 10 days of service in a month.

(2) For the purposes of this subdivision, a “day of service” means any of the following:

(A) 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 of the Government Code).

(B) Representation of the district at a public event, if that representation has been previously approved at a meeting of the board and the member delivers a written report regarding the member’s representation to the board at the board meeting immediately following the public event.

(C) Representation of the district at a public meeting or a public hearing conducted by another public agency, if that representation has been previously approved at a meeting of the board and the member delivers a written report regarding the member’s representation to the board at the board meeting immediately following the public meeting or public hearing.

(D) Representation of the district at a meeting of a public benefit nonprofit corporation on whose board the district has membership if that representation has been previously approved at a meeting of the district’s board and the member delivers a written report regarding the member’s representation to the board at the board meeting immediately following the corporation’s meeting.

(E) Participation in a training program on a topic that is directly related to the district if that representation has been previously approved at a meeting of the board and the member delivers a written report regarding the member's participation to the board at the board meeting immediately following the training program.

(c) Notwithstanding subdivisions (a) and (b), the board of directors of a water district, as defined in Section 20200 of the Water Code, may increase the amount of compensation that may be received by members of the board by ordinance adopted pursuant to Chapter 2 (commencing with Section 20200) of Division 10 of the Water Code.

(d) The board may provide, by ordinance or resolution, that its members 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 of the Government Code.

(e) A member of the board may waive any or all of the payments permitted by this section.

(f) For purposes of this section, the determination of whether a member's activities on any specific day are compensable shall be made pursuant to Article 2.3 (commencing with Section 53232) of Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code.

SEC. 2. Section 24908 of the Public Utilities Code is repealed.

SEC. 3. Section 24908 is added to the Public Utilities Code, to read:

24908. (a) The board may, by ordinance or resolution, provide that each director shall be paid a sum that shall not exceed one thousand dollars (\$1,000) for each calendar month that he or she serves as a director. The board may, by ordinance or resolution, provide for an adjustment to the monthly compensation based upon the percentage increase in the California Consumer Price Index, as calculated by the Department of Finance, for each calendar year following the operative date of the last adjustment. The adjustment shall not become effective until the next regular election of the directors following the adoption of the ordinance or resolution.

(b) The ordinance or resolution to authorize a monthly stipend pursuant to subdivision (a), in lieu of per-meeting compensation, shall include a requirement that a director may receive a monthly stipend for a given month only if he or she attends all scheduled and noticed board meetings for that month. For those directors meeting this attendance requirement, the amount of one hundred dollars (\$100) shall be deducted from the stipend for failure to attend each meeting of a committee on which he or she serves that month. In any month that a director fails to meet these attendance requirements, that director may be compensated

at the rate of one hundred dollars (\$100) per board or committee meeting attended, not to exceed five hundred dollars (\$500) for that month.

(c) For the purpose of this section, a director who misses a scheduled and noticed meeting of the board or committee while attending to official district business pursuant to authorization shall be deemed to have attended the meeting.

(d) The ordinance or resolution may provide for not more than two excused absences during a calendar year without disqualifying the director for a monthly stipend.

(e) In addition to the compensation otherwise provided in this section, each director may be allowed necessary traveling and personal expenses incurred solely as a result of the performance of his or her duties, in amounts as may be authorized by the board. Reimbursement for these expenses is subject to Sections 53232.2 and 53232.3 of the Government Code.

SEC. 4. Section 28748.8 of the Public Utilities Code is amended to read:

28748.8. (a) The board may by ordinance or resolution provide that each director shall be paid a sum that shall not exceed one thousand dollars (\$1,000) for each calendar month that he or she serves as a director. The board may, by ordinance or resolution, provide for an adjustment to the monthly compensation based upon the percentage increase in the California Consumer Price Index, as calculated by the Department of Finance, for each calendar year following the operative date of the last adjustment. The adjustment shall not become effective until the next regular election of the directors following the adoption of the ordinance or resolution.

(b) The ordinance or resolution to authorize a monthly stipend pursuant to subdivision (a), in lieu of per-meeting compensation, shall include a requirement that a member can receive a monthly stipend for a given month only if he or she attends all scheduled and noticed regular board meetings for that month. For those members meeting this attendance requirement, the amount of one hundred dollars (\$100) shall be deducted from the stipend for failure to attend each meeting of a committee on which he or she serves that month. In any month that a member fails to meet these attendance requirements, that member may be compensated at the rate of one hundred dollars (\$100) per board or committee meeting attended, not to exceed five hundred dollars (\$500) for that month.

(c) For the purpose of this section, a member who misses a scheduled and noticed meeting of the board or a committee while attending to official district business pursuant to authorization shall be construed as having attended the meeting.

(d) The ordinance or resolution may provide for not more than two excused absences during a calendar year without disqualifying the member for a monthly stipend.

(e) In addition to the compensation otherwise provided for in this section, each director may be allowed necessary traveling and personal expenses incurred solely as a result of the performance of his or her duties, in amounts as may be authorized by the board. Reimbursement for these expenses is subject to Sections 53232.2 and 53232.3 of the Government Code.

SEC. 5. Section 20200 of the Water Code is amended to read:

20200. As used in this chapter, "water district" means any district or other political subdivision, other than a city or county, a primary function of which is the irrigation, reclamation, or drainage of land or the diversion, storage, management, or distribution of water primarily for domestic, municipal, agricultural, industrial, recreation, fish and wildlife enhancement, flood control, or power production purposes. "Water districts" include, but are not limited to, irrigation districts, county water districts, California water districts, water storage districts, reclamation districts, county waterworks districts, drainage districts, water replenishment districts, levee districts, municipal water districts, water conservation districts, community services districts, water management districts, flood control districts, flood control and floodwater conservation districts, flood control and water conservation districts, water management agencies, water agencies, and public utility districts formed pursuant to Division 7 (commencing with Section 15501) of the Public Utilities Code.

CHAPTER 214

An act to amend Sections 12810.3 and 23123 of, and to add Section 23124 to, the Vehicle Code, relating to vehicles.

[Approved by Governor September 13, 2007. Filed with
Secretary of State September 13, 2007.]

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

SECTION 1. Section 12810.3 of the Vehicle Code is amended to read:

12810.3. (a) Notwithstanding subdivision (f) of Section 12810, a violation point shall not be given for a conviction of a violation of subdivision (a) of Section 23123 or subdivision (b) of Section 23124.

(b) This section shall become operative on July 1, 2008.

SEC. 2. Section 23123 of the Vehicle Code, as added by Section 4 of Chapter 290 of the Statutes of 2006, is amended to read:

23123. (a) A person shall not drive a motor vehicle while using a wireless telephone unless that telephone is specifically designed and configured to allow hands-free listening and talking, and is used in that manner while driving.

(b) A violation of this section is an infraction punishable by a base fine of twenty dollars (\$20) for a first offense and fifty dollars (\$50) for each subsequent offense.

(c) This section does not apply to a person using a wireless telephone for emergency purposes, including, but not limited to, an emergency call to a law enforcement agency, health care provider, fire department, or other emergency services agency or entity.

(d) This section does not apply to an emergency services professional using a wireless telephone while operating an authorized emergency vehicle, as defined in Section 165, in the course and scope of his or her duties.

(e) This section does not apply to a person when using a digital two-way radio that utilizes a wireless telephone that operates by depressing a push-to-talk feature and does not require immediate proximity to the ear of the user, and the person is driving one of the following vehicles:

(1) (A) A motor truck, as defined in Section 410, or a truck tractor, as defined in Section 655, that requires either a commercial class A or class B driver's license to operate.

(B) The exemption under subparagraph (A) does not apply to a person driving a pickup truck, as defined in Section 471.

(2) An implement of husbandry that is listed or described in Chapter 1 (commencing with Section 36000) of Division 16.

(3) A farm vehicle that is exempt from registration and displays an identification plate as specified in Section 5014 and is listed in Section 36101.

(4) A commercial vehicle, as defined in Section 260, that is registered to a farmer and driven by the farmer or an employee of the farmer, and is used in conducting commercial agricultural operations, including, but not limited to, transporting agricultural products, farm machinery, or farm supplies to, or from, a farm.

(5) A tow truck, as defined in Section 615.

(f) This section does not apply to a person driving a schoolbus or transit vehicle that is subject to Section 23125.

(g) This section does not apply to a person while driving a motor vehicle on private property.

(h) This section shall become operative on July 1, 2008, and shall remain in effect only until July 1, 2011, and, as of July 1, 2011, is repealed.

SEC. 3. Section 23123 of the Vehicle Code, as added by Section 5 of Chapter 290 of the Statutes of 2006, is amended to read:

23123. (a) A person shall not drive a motor vehicle while using a wireless telephone unless that telephone is specifically designed and configured to allow hands-free listening and talking, and is used in that manner while driving.

(b) A violation of this section is an infraction punishable by a base fine of twenty dollars (\$20) for a first offense and fifty dollars (\$50) for each subsequent offense.

(c) This section does not apply to a person using a wireless telephone for emergency purposes, including, but not limited to, an emergency call to a law enforcement agency, health care provider, fire department, or other emergency services agency or entity.

(d) This section does not apply to an emergency services professional using a wireless telephone while operating an authorized emergency vehicle, as defined in Section 165, in the course and scope of his or her duties.

(e) This section does not apply to a person driving a schoolbus or transit vehicle that is subject to Section 23125.

(f) This section does not apply to a person while driving a motor vehicle on private property.

(g) This section shall become operative on July 1, 2011.

SEC. 4. Section 23124 is added to the Vehicle Code, to read:

23124. (a) This section applies to a person under the age of 18 years.

(b) Notwithstanding Section 23123, a person described in subdivision (a) shall not drive a motor vehicle while using a wireless telephone, even if equipped with a hands-free device, or while using a mobile service device.

(c) A violation of this section is an infraction punishable by a base fine of twenty dollars (\$20) for a first offense and fifty dollars (\$50) for each subsequent offense.

(d) A law enforcement officer shall not stop a vehicle for the sole purpose of determining whether the driver is violating subdivision (b).

(e) Subdivision (d) does not prohibit a law enforcement officer from stopping a vehicle for a violation of Section 23123.

(f) This section does not apply to a person using a wireless telephone or a mobile service device for emergency purposes, including, but not limited to, an emergency call to a law enforcement agency, health care provider, fire department, or other emergency services agency or entity.

(g) For the purposes of this section, “mobile service device” includes, but is not limited to, a broadband personal communication device, specialized mobile radio device, handheld device or laptop computer with mobile data access, pager, and two-way messaging device.

(h) This section shall become operative on July 1, 2008.

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 215

An act to amend Sections 47605.8 and 47614.5 of the Education Code, relating to charter schools, and making an appropriation therefor.

[Approved by Governor September 21, 2007. Filed with
Secretary of State September 21, 2007.]

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

SECTION 1. Section 47605.8 of the Education Code is amended to read:

47605.8. (a) A petition for the operation of a state charter school may be submitted directly to the state board, and the state board shall have the authority to approve a charter for the operation of a state charter school that may operate at multiple sites throughout the state. The State Board of Education shall adopt regulations, pursuant to the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code) for the implementation of this section. Regulations adopted pursuant to this section shall ensure that a charter school approved pursuant to this section meets all requirements otherwise imposed on charter schools pursuant to this part, except that a state charter school approved pursuant to this section shall not be subject to the geographic and site limitations otherwise imposed on charter schools. The petitioner shall submit a copy of the petition, for notification purposes, to the county superintendent of schools of each county in which the petitioner proposes to operate the state charter school. The petitioner also shall ensure that the governing

board of each school district in which a site is proposed to be located is notified no later than 120 days prior to the commencement of instruction at each site, as applicable.

(b) The state board shall not approve a petition for the operation of a state charter school pursuant to this section unless the state board makes a finding, based on substantial evidence, that the proposed state charter school will provide instructional services of statewide benefit that cannot be provided by a charter school operating in only one school district, or only in one county. The finding of the state board in this regard shall be made part of the public record of the proceedings of the state board and shall precede the approval of the charter.

(c) The state board, as a condition of charter petition approval, may enter into an agreement with a third party, at the expense of the charter school, to oversee, monitor, and report on, the operations of the state charter school. The state board may prescribe the aspects of the operations of the state charter school to be monitored by the third party and may prescribe appropriate requirements regarding the reporting of information concerning the operations of the state charter school to the state board.

(d) The state board shall not be required to approve a petition for the operation of a state charter school, and may deny approval based on any of the reasons set forth in subdivision (b) of Section 47605.6.

SEC. 2. Section 47614.5 of the Education Code is amended to read:

47614.5. (a) The Charter School Facility Grant Program is hereby established and shall be administered by the department. The grant program is intended to provide assistance with facilities rent and lease costs for pupils in charter schools.

(b) Subject to the annual Budget Act, eligible schools shall receive an amount of up to, but not more than, seven hundred fifty dollars (\$750) per unit of average daily attendance, as certified at the second principal apportionment, to reimburse an amount of up to, but not more than, 75 percent of the annual facilities rent and lease costs for the charter school. In any fiscal year, if the funds appropriated for the purposes of this section by the annual Budget Act are insufficient to fund the approved amounts fully, the Superintendent shall apportion the available funds on a pro rata basis.

(c) For purposes of this section, the department shall do all of the following:

- (1) Inform charter schools of the grant program.
- (2) Upon application by a charter school, determine eligibility, based on the geographic location of the charter schoolsite, pupil eligibility for free or reduced price meals, and a preference in admissions, as appropriate. Eligibility for funding shall not be limited to the grade level or levels served by the school whose attendance area is used to determine

eligibility. Charter schoolsites are eligible for funding pursuant to this section if the charter schoolsite meets either of the following conditions:

(A) The charter schoolsite is physically located in the attendance area of a public elementary school in which 70 percent or more of the pupil enrollment is eligible for free or reduced priced meals and the schoolsite gives a preference in admissions to pupils who are currently enrolled in that public elementary school and to pupils who reside in the elementary school attendance area where the charter schoolsite is located.

(B) Seventy percent or more of the pupil enrollment at the charter schoolsite is eligible for free or reduced price meals.

(3) Inform charter schools of their grant eligibility.

(4) Reimburse charter schools for eligible expenditures in a timely manner.

(5) No later than June 30, 2005, report to the Legislature on the number of charter schools that have participated in the grant program pursuant to the expanded eligibility prescribed in paragraph (2). In addition, the report shall provide recommendations and suggestions on improving the grant program.

(d) Funds appropriated for purposes of this section shall not be apportioned for any of the following:

(1) Units of average daily attendance generated through nonclassroom-based instruction as defined by paragraph (2) of subdivision (d) of Section 47612.5 or that does not comply with conditions or limitations set forth in regulations adopted by the state board pursuant to this section.

(2) Charter schools occupying existing school district or county office of education facilities.

(3) Charter schools receiving reasonably equivalent facilities from their chartering authority pursuant to Section 47614.

(e) Funds appropriated for purposes of this section shall be used for costs associated with facilities rents and leases, consistent with the definitions used in the California School Accounting Manual. These funds also may be used for costs, including, but not limited to, costs associated with remodeling buildings, deferred maintenance, initially installing or extending service systems and other built-in equipment, and improving sites.

(f) If an existing charter school located in an elementary attendance area in which less than 50 percent of pupil enrollment is eligible for free or reduced price meals relocates to an attendance area identified in paragraph (2) of subdivision (c), admissions preference shall be given to pupils who reside in the elementary school attendance area into which the charter school is relocating.

(g) The Superintendent annually shall report to the state board regarding the use of funds that have been made available during the fiscal year to each charter school pursuant to the grant program.

(h) It is the intent of the Legislature that not less than eighteen million dollars (\$18,000,000) annually be appropriated for purposes of the grant program on the same basis as other elementary and secondary education categorical programs.

SEC. 3. The sum of eighteen million dollars (\$18,000,000) is hereby appropriated from the Proposition 98 Reversion Account to the State Department of Education, on a one-time basis, for the Charter School Facility Grant Program, as set forth in Section 47614.5 of the Education Code. Each charter school that is eligible pursuant to Section 47614.5 of the Education Code and is receiving funds appropriated in this section shall be eligible for up to 75 percent of the total annual facilities rent and lease costs it incurred in the 2006–07 fiscal year.

CHAPTER 216

An act to validate the organization, boundaries, acts, proceedings, and bonds of public bodies, and to provide limitations of time in which actions may be commenced, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 21, 2007. Filed with
Secretary of State September 21, 2007.]

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 2007.

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 and 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 any law, 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 217

An act to validate the organization, boundaries, acts, proceedings, and bonds of public bodies, and to provide limitations of time in which actions may be commenced.

[Approved by Governor September 21, 2007. Filed with
Secretary of State September 21, 2007.]

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 2007.

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 and 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 any law, 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 218

An act to amend Section 464 of the Streets and Highways Code, relating to highways.

[Approved by Governor September 21, 2007. Filed with
Secretary of State September 21, 2007.]

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

SECTION 1. Section 464 of the Streets and Highways Code is amended to read:

464. (a) Route 164 is Rosemead Boulevard from:

(1) Gallatin Road near Pico Rivera to the northern city limit of Temple City in the vicinity of Callita Street and Sultana Avenue.

(2) The northern city limit of Temple City in the vicinity of Callita Street and Sultana Avenue to the southern city limit of the City of Pasadena.

(b) (1) Notwithstanding subdivision (a), the commission may relinquish to the County of Los Angeles that portion of Route 164 described in paragraph (2) of subdivision (a), pursuant to the terms of a cooperative agreement between the county and the department, upon a determination by the commission that the relinquishment is in the best interests of the state.

(2) A relinquishment under this subdivision shall become effective immediately following the recordation by the county recorder of the

relinquishment resolution containing the commission's approval of the terms and conditions of the relinquishment.

(3) On and after the effective date of the relinquishment, both of the following shall apply:

(A) The portion of Route 164 relinquished under this subdivision shall cease to be a state highway.

(B) The portion of Route 164 relinquished under this subdivision may not be considered for future adoption under Section 81.

(4) For the portion of Route 164 that is relinquished under this subdivision, the County of Los Angeles shall maintain within its jurisdiction signs directing motorists to the continuation of Route 164.

(c) (1) Notwithstanding subdivision (a), the commission may relinquish to the City of Temple City the portion of Route 164 located within the city limits of that city pursuant to the terms of a cooperative agreement between the county and the department, upon a determination by the commission that the relinquishment is in the best interests of the state.

(2) A relinquishment under this subdivision shall become effective immediately following the recordation by the county recorder of the relinquishment resolution containing the commission's approval of the terms and conditions of the relinquishment.

(3) On and after the effective date of the relinquishment, both of the following shall apply:

(A) The portion of Route 164 relinquished under this subdivision shall cease to be a state highway.

(B) The portion of Route 164 relinquished under this subdivision may not be considered for future adoption under Section 81.

(4) For the portion of Route 164 that is relinquished under this subdivision, the City of Temple City shall maintain within its jurisdiction signs directing motorists to the continuation of Route 164.

CHAPTER 219

An act to amend Section 11713.21 of the Vehicle Code, relating to vehicles.

[Approved by Governor September 21, 2007. Filed with
Secretary of State September 21, 2007.]

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

SECTION 1. Section 11713.21 of the Vehicle Code is amended to read:

11713.21. (a) (1) A dealer shall not sell a used vehicle, as defined in Section 665 and subject to registration under this code, at retail to an individual for personal, family, or household use without offering the buyer a contract cancellation option agreement that allows the buyer to return the vehicle without cause. This section does not apply to a used vehicle having a purchase price of forty thousand dollars (\$40,000) or more, a motorcycle, as defined in Section 400, or a recreational vehicle, as defined in Section 18010 of the Health and Safety Code.

(2) The purchase price for the contract cancellation option shall not exceed the following:

(A) Seventy-five dollars (\$75) for a vehicle with a cash price of five thousand dollars (\$5,000) or less.

(B) One hundred fifty dollars (\$150) for a vehicle with a cash price of more than five thousand dollars (\$5,000), but not more than ten thousand dollars (\$10,000).

(C) Two hundred fifty dollars (\$250) for a vehicle with a cash price of more than ten thousand dollars (\$10,000), but not more than thirty thousand dollars (\$30,000).

(D) One percent of the purchase price for a vehicle with a cash price of more than thirty thousand dollars (\$30,000), but less than forty thousand dollars (\$40,000).

The term "cash price" as used in this paragraph has the same meaning as described in subparagraph (A) of paragraph (1) of subdivision (a) of Section 2982 of the Civil Code. "Cash price" also excludes registration, transfer, titling, license, and California tire and optional business partnership automation fees.

(b) To comply with subdivision (a), and notwithstanding Section 2981.9 of the Civil Code, a contract cancellation option agreement shall be contained in a document separate from the conditional sales 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 the purchase of the contract cancellation option is not otherwise subject to setoff or refund.

(5) Notwithstanding paragraph (4), when a buyer, who leased the purchased vehicle immediately preceding the dealer's sale of the vehicle to the buyer, exercises the contract cancellation option, the limit on the amount of a restocking fee required to be paid by the buyer shall be increased. That increased amount shall be the amount the buyer would have been obligated to pay the lessor, at the time of the termination of the lease, for the following charges, as specified in the lease, and as if the buyer had not purchased the contract cancellation option:

- (A) Excess mileage.
- (B) Unrepaired damage.
- (C) Excess wear and tear.

(6) 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.

(7) 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 incidental 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.

(8) 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.

(9) If, pursuant to paragraph (5), the limit on the restocking fee is increased by the amount the buyer, who exercises a contract cancellation option would have been obligated to pay the lessor, upon termination of the lease, for charges for excess mileage, unrepaired damage, or excess wear and tear, as specified in the lease, the dealer shall provide the buyer with a notice of the contents of paragraph (5), including a statement regarding the increased restocking fee.

(c) (1) No later than the second day following the day on which the buyer exercises the right to cancel the purchase in compliance with the contract cancellation option agreement, the dealer shall cancel the contract and provide the buyer with a full refund, including that portion of the sales tax attributable to amounts excluded pursuant to Section 6012.3 of the Revenue and Taxation Code.

(2) If the buyer was not charged for the contract cancellation option agreement, the dealer shall return to the buyer, no later than the day following the day on which the buyer exercises the right to cancel the purchase, any motor vehicle the buyer left with the seller as a downpayment or trade-in. If the dealer has sold or otherwise transferred

title to the motor vehicle that was left as a downpayment or trade-in, the full refund described in paragraph (1) shall include the fair market value of the motor vehicle left as a downpayment or trade-in, or its value as stated in the contract or purchase order, whichever is greater.

(3) If the buyer was charged for the contract cancellation option agreement, the dealer shall retain any motor vehicle the buyer left with the dealer as a downpayment or trade-in until the buyer exercises the right to cancel or the right to cancel expires. If the buyer exercises the right to cancel the purchase, the dealer shall return to the buyer, no later than the day following the day on which the buyer exercises the right to cancel the purchase, any motor vehicle the buyer left with the seller as a downpayment or trade-in. If the dealer has inadvertently sold or otherwise transferred title to the motor vehicle as the result of a bona fide error, notwithstanding reasonable procedures designed to avoid that error, the inadvertent sale or transfer of title shall not be deemed a violation of this paragraph, and the full refund described in paragraph (1) shall include the retail market value of the motor vehicle left as a downpayment or trade-in, or its value as stated in the contract or purchase order, whichever is greater.

(d) If the dealer received a portion of the purchase price by credit card, or other third-party payer on the buyer's account, the dealer may refund that portion of the purchase price to the credit card issuer or third-party payer for credit to the buyer's account.

(e) Notwithstanding subdivision (a), a dealer is not required to offer a contract cancellation option agreement to an individual who exercised his or her right to cancel the purchase of a vehicle from the dealer pursuant to a contract cancellation option agreement during the immediately preceding 30 days. A dealer is not required to give notice to a subsequent buyer of the return of a vehicle pursuant to this section. This subdivision does not abrogate or limit any disclosure obligation imposed by any other law.

(f) This section does not affect or alter the legal rights, duties, obligations, or liabilities of the buyer, the dealer, or the dealer's agents or assigns, that would exist in the absence of a contract cancellation option agreement. The buyer is the owner of a vehicle when he or she takes delivery of a vehicle until the vehicle is returned to the dealer pursuant to a contract cancellation option agreement, and the existence of a contract cancellation option agreement shall not impose permissive user liability on the dealer, or the dealer's agents or assigns, under Section 460 or 17150 or otherwise.

(g) Nothing in this section is intended to affect the ability of a buyer to rescind the contract or revoke acceptance under any other law.

CHAPTER 220

An act to amend Section 52922 of the Education Code, relating to schools.

[Approved by Governor September 21, 2007. Filed with
Secretary of State September 21, 2007.]

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

SECTION 1. Section 52922 of the Education Code is amended to read:

52922. (a) From funds appropriated for the purpose of this chapter, the Superintendent shall annually allocate to each school district, on behalf of each high school or middle school within the district that offers an International Baccalaureate Program, the amount of up to twenty-five thousand dollars (\$25,000) for each participating high school and middle school to cover the ongoing costs of professional development required by the program and to help pay the test fees for low- and middle-income pupils in need of financial assistance, in accordance with criteria adopted by the Superintendent.

(b) The amount provided in subdivision (a) shall be increased annually by a cost-of-living adjustment, based on the same percentage increase that is provided to the revenue limits of unified school districts with 2,501 or more units of average daily attendance.

(c) The total amount allocated pursuant to subdivision (a) shall not exceed the total amount of the funds appropriated for those purposes in the annual Budget Act or any other statute. If funds are insufficient to fully fund all grants authorized, annual grants shall first be allocated pursuant to subdivision (a) to those schools that were funded in the prior year and in the amount of the prior year grant with second priority given to high schools and middle schools that have the highest percentage of pupils from low-income families.

CHAPTER 221

An act to add Section 25503.38 to the Business and Professions Code, relating to alcoholic beverages, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 21, 2007. Filed with
Secretary of State September 21, 2007.]

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

SECTION 1. Section 25503.38 is added to the Business and Professions Code, to read:

25503.38. (a) Notwithstanding any other provision of this chapter, a beer manufacturer may sponsor or purchase advertising space and time from, or on behalf of, an off-sale retail licensee subject to all of the following conditions:

(1) The off-sale retail licensee is an owner or coowner of a professional sports team.

(2) The professional sports team owned or coowned by the off-sale retail licensee is a tenant of, and plays its home games in, an arena with a fixed seating capacity in excess of 10,000 seats located in San Joaquin County.

(3) The advertising space or time is sponsored or purchased only in connection with the professional sports team's events held on the premises of the arena.

(4) The owner or coowner of the professional sports team does not hold or have an interest in more than two off-sale retail licenses.

(b) Any sponsorship or purchase of advertising space or time conducted pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, the off-sale retail licensee, and all other coowners, where applicable.

(c) Any beer manufacturer who, through coercion or other illegal means, induces, directly or indirectly, a holder of a wholesaler's license to fulfill those contractual obligations entered into pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space or time involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(d) Any off-sale retail licensee described in subdivision (a) who, directly or indirectly, solicits or coerces a holder of a wholesaler's license

to solicit a beer manufacturer to sponsor or purchase advertising time or space pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space or time involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(e) Nothing in this section shall authorize the purchasing of advertising space or time from, or on behalf of, any on-sale licensee that is the owner, manager, agent of the owner, assignee of the owner's advertising rights, or a tenant of the arena described in paragraph (2) of subdivision (a).

(f) Nothing in this section shall authorize a beer manufacturer to furnish, give, or lend anything of value to an off-sale retail licensee described in subdivision (a) except as expressly authorized by this section or any other provision of this division.

(g) For purposes of this section, "beer manufacturer" includes a holder of a beer manufacturer's license, a holder of an out-of-state beer manufacturer's certificate, or a holder of a beer and wine importer's general license, selling beer only.

SEC. 2. Due to the unique circumstances concerning the County of San Joaquin, 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. Therefore, this act is necessarily applicable only to the County of San Joaquin.

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:

In order to protect the health and safety of the people of the state who attend events within the County of San Joaquin, it is necessary that this act take effect immediately.

CHAPTER 222

An act to amend Sections 218, 17207, and 24347.5 of, and to add Sections 195.110, 195.111, and 195.112 to, the Revenue and Taxation Code, relating to disaster relief, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 21, 2007. Filed with
Secretary of State September 21, 2007.]

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

SECTION 1. Section 195.110 is added to the Revenue and Taxation Code, to read:

195.110. (a) By October 31, 2007, the auditor of the County of Riverside, which was the subject of the Governor's proclamation of a state of emergency for the wildfires that commenced on October 26, 2006, shall certify to the Director of Finance an estimate of the total amount of the reduction in property tax revenues on both the regular secured roll and the supplemental roll for the 2006–07 fiscal year resulting from the reassessment by the county assessor pursuant to paragraph (1) of subdivision (a) of Section 170 of those properties that are eligible properties as a result of that disaster, except that the amount certified shall not include any estimated property tax revenue reductions to school districts, other than basic state aid school districts, and county offices of education.

(b) For purposes of this section, "basic state aid school district" means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 2. Section 195.111 is added to the Revenue and Taxation Code, to read:

195.111. After the county auditor of an eligible county, as described in Section 195.110, has made the applicable certification to the Director of Finance pursuant to that section, the director shall within 30 days after verification of the county auditor's estimate, certify this amount to the Controller for allocation to the county. Upon receipt of certification from the Director of Finance, the Controller shall make the appropriate allocation to the county within 10 working days.

SEC. 3. Section 195.112 is added to the Revenue and Taxation Code, to read:

195.112. (a) On or before June 30, 2008, each eligible county, as described in Section 195.110, shall compute and remit to the Controller for deposit in the General Fund an amount equal to the amount allocated to it by the Controller pursuant to Section 195.111, less the actual amount of its property tax revenue lost on the regular secured and supplemental rolls with respect to those eligible properties described in Section 195.110 as a result of the reassessment of those properties pursuant to paragraph (1) of subdivision (a) of Section 170, excluding any property tax revenue lost by school districts, other than basic state aid school districts, and county offices of education. If the actual amount of property tax revenue lost by an eligible county in the immediately preceding fiscal year, as described and limited in the preceding sentence, exceeds the amount allocated by the Controller to that county pursuant to Section 195.111, the Controller shall allocate the amount of that excess to that eligible county.

(b) For purposes of this section, “basic state aid school district” means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 4. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners’ property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran’s exemption.

(c) For purposes of this section, all of the following apply:

(1) “Owner” includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) “Dwelling” means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) “Dwelling” includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on

the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to October 26, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of Riverside, as declared by the Governor in October 2006, and that has not changed ownership since October 26, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 4.5. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran's exemption.

(c) For purposes of this section, all of the following apply:

(1) "Owner" includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) "Dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) "Dwelling" includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20,

1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or

June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to the commencement dates of the wildfires listed in the Governor’s proclamations of 2006 that was damaged or destroyed by the wildfires and any other related casualty that occurred in the Counties of Riverside and Ventura, and that has not changed ownership since the commencement dates of these disasters as listed in the Governor’s proclamations of 2006 shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) Any dwelling that qualified for an exemption under this section prior to January 11, 2007, that was damaged or destroyed by severe freezing conditions, commencing January 11, 2007, and any other related casualty that occurred in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a result of a disaster as declared by the Governor, and that has not changed ownership since January 11, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to severe freezing conditions.

(m) Any dwelling that qualified for an exemption under this section prior to June 24, 2007, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster

in the County of El Dorado, as declared by the Governor in June 2007, and that has not changed ownership since June 24, 2007, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(n) Any dwelling that qualified for an exemption under this section prior to July 4, 2007, that was damaged or destroyed by the Zaca Fire and any other related casualty that occurred as a result of this disaster in the Counties of Santa Barbara and Ventura, as declared by the Governor in August 2007, and that has not changed ownership since July 4, 2007, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the Zaca Fire.

(o) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 4.7. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran's exemption.

(c) For purposes of this section, all of the following apply:

(1) "Owner" includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) "Dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) "Dwelling" includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on

the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to October 26, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of Riverside, as declared by the Governor in October 2006, and that has not changed ownership since October 26, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) Any dwelling that qualified for an exemption under this section prior to January 11, 2007, that was damaged or destroyed by severe freezing conditions, commencing January 11, 2007, and any other related casualty that occurred in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a result of a disaster as declared by the Governor, and that has not changed ownership since January 11, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to severe freezing conditions.

(m) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 4.9. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners’ property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran’s exemption.

(c) For purposes of this section, all of the following apply:

(1) “Owner” includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) “Dwelling” means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) “Dwelling” includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to the commencement dates of the wildfires listed in the Governor’s proclamations of 2006 that was damaged or destroyed by the wildfires and any other related casualty that occurred in the Counties of Riverside and Ventura, and that has not changed ownership since the commencement dates of these disasters as listed in the Governor’s proclamations of 2006 shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) Any dwelling that qualified for an exemption under this section prior to June 24, 2007, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of El Dorado, as declared by the Governor in June 2007, and that has not changed ownership since June 24, 2007, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(m) Any dwelling that qualified for an exemption under this section prior to July 4, 2007, that was damaged or destroyed by the Zaca Fire and any other related casualty that occurred as a result of this disaster in the Counties of Santa Barbara and Ventura, as declared by the Governor in August 2007, and that has not changed ownership since July 4, 2007, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the Zaca Fire.

(n) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 5. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Riverside as a result of wildfires that occurred in October 2006.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to

which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, "adjusted taxable income" shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (29), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 5.5. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of Riverside and Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(31) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(32) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, "adjusted taxable income" shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (32), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 5.7. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

- (3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.
- (4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.
- (5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.
- (6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.
- (7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.
- (8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.
- (9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.
- (10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.
- (11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.
- (12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.
- (13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.
- (14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.
- (15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.
- (16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.
- (17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Riverside as a result of wildfires that occurred in October 2006.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, "adjusted taxable income" shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (31), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 5.9. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino,

Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of Riverside and Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(31) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, "adjusted taxable income" shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (31), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 6. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any

other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Riverside as a result of the wildfires that occurred in October 2006.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (29), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 6.5. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino,

Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of Riverside and Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(31) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(32) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (32), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 6.7. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Riverside as a result of wildfires that occurred in October 2006.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster

loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (30), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 6.9. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained

in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of Riverside and Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(31) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (31), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 7. It is the intent of the Legislature to provide in the annual Budget Act those additional reimbursements to local governments that,

as a result of Section 4 of this act, are required by Section 25 of Article XIII of the California Constitution.

SEC. 8. The Legislature finds and declares that this act fulfills a statewide public purpose because of all of the following:

(a) The Governor of California has officially proclaimed a state of emergency declaring that the wildfires that occurred within the County of Riverside, commencing on October 26, 2006, constitute conditions of extreme peril to public health and safety to persons and property within that county, thus qualifying affected persons for various forms of governmental assistance and relief.

(b) This act is consistent with, and supplements, the proclaimed disaster assistance and relief by providing necessary fiscal assistance and tax relief to affected jurisdictions and persons to allow them to maintain essential basic services and repair damage to, and restore, their homes and businesses.

SEC. 9. 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. 10. (a) (1) Section 4.5 of this bill incorporates amendments to Section 218 of the Revenue and Taxation Code proposed by this bill, SB 114, and AB 62. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2008, (2) all three bills amend Section 218 of the Revenue and Taxation Code, and (3) this bill is enacted after SB 114 and AB 62, in which case Section 218 of the Revenue and Taxation Code, as amended by SB 114 and AB 62, shall remain operative only until the operative date of this bill, at which time Section 4.5 of this bill shall become operative, and Section 4 of this bill shall not become operative.

(2) Section 4.7 of this bill incorporates amendments to Section 218 of the Revenue and Taxation Code proposed by this bill and SB 114. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 218 of the Revenue and Taxation Code, (3) AB 62 is not enacted, or if enacted, does not amend Section 218 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 114, in which case Section 218 of the Revenue and Taxation Code, as amended by SB 114, shall remain operative only until the operative date of this bill, at which time Section 4.7 of this bill shall become operative, and Section 4 of this bill shall not become operative.

(3) Section 4.9 of this bill incorporates amendments to Section 218 of the Revenue and Taxation Code proposed by this bill and AB 62. It

shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 218 of the Revenue and Taxation Code, (3) SB 114 is not enacted, or if enacted, does not amend Section 218 of the Revenue and Taxation Code, and (4) this bill is enacted after AB 62, in which case Section 218 of the Revenue and Taxation Code, as amended by AB 62, shall remain operative only until the operative date of this bill, at which time Section 4.9 of this bill shall become operative, and Section 4 of this bill shall not become operative.

(b) (1) Section 5.5 of this bill incorporates amendments to Section 17207 of the Revenue and Taxation Code proposed by this bill, SB 114, and AB 62. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2008, (2) all three bills amend Section 17207 of the Revenue and Taxation Code, and (3) this bill is enacted after SB 114 and AB 62, in which case Section 17207 of the Revenue and Taxation Code, as amended by SB 114 and AB 62, shall remain operative only until the operative date of this bill, at which time Section 5.5 of this bill shall become operative, and Section 5 of this bill shall not become operative.

(2) Section 5.7 of this bill incorporates amendments to Section 17207 of the Revenue and Taxation Code proposed by this bill and SB 114. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 17207 of the Revenue and Taxation Code, (3) AB 62 is not enacted, or if enacted, does not amend Section 17207 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 114, in which case Section 17207 of the Revenue and Taxation Code, as amended by SB 114, shall remain operative only until the operative date of this bill, at which time Section 5.7 of this bill shall become operative, and Section 5 of this bill shall not become operative.

(3) Section 5.9 of this bill incorporates amendments to Section 17207 of the Revenue and Taxation Code proposed by this bill and AB 62. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 17207 of the Revenue and Taxation Code, (3) AB 114 is not enacted, or if enacted, does not amend Section 17207 of the Revenue and Taxation Code, and (4) this bill is enacted after AB 62, in which case Section 17207 of the Revenue and Taxation Code, as amended by AB 62, shall remain operative only until the operative date of this bill, at which time Section 5.9 of this bill shall become operative, and Section 5 of this bill shall not become operative.

(c) (1) Section 6.5 of this bill incorporates amendments to Section 24347.5 of the Revenue and Taxation Code proposed by this bill, SB

114, and AB 62. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2008, (2) all three bills amend Section 24347.5 of the Revenue and Taxation Code, and (3) this bill is enacted after SB 114 and AB 62, in which case Section 24347.5 of the Revenue and Taxation Code, as amended by SB 114 and AB 62, shall remain operative only until the operative date of this bill, at which time Section 6.5 of this bill shall become operative, and Section 6 of this bill shall not become operative.

(2) Section 6.7 of this bill incorporates amendments to Section 24347.5 of the Revenue and Taxation Code proposed by this bill and SB 114. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 24347.5 of the Revenue and Taxation Code, (3) AB 62 is not enacted, or if enacted, does not amend Section 24347.5 of the Revenue and Taxation Code, (3) SB 114 is not amended, or if enacted, does not amend Section 24347.5 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 114, in which case Section 24347.5 of the Revenue and Taxation Code, as amended by SB 114, shall remain operative only until the operative date of this bill, at which time Section 6.7 of this bill shall become operative, and Section 6 of this bill shall not become operative.

(3) Section 6.9 of this bill incorporates amendments to Section 24347.5 of the Revenue and Taxation Code proposed by this bill and AB 62. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 24347.5 of the Revenue and Taxation Code, (3) SB 38 is not enacted, or if enacted, does not amend Section 24347.5 of the Revenue and Taxation Code, and (4) this bill is enacted after AB 62, in which case Section 24347.5 of the Revenue and Taxation Code, as amended by AB 62, shall remain operative only until the operative date of this bill, at which time Section 6.9 of this bill shall become operative, and Section 6 of this bill shall not become operative.

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 timely provide essential relief to those persons and jurisdictions who have suffered damage or loss as a result of the wildfires that occurred in the County of Riverside, commencing on October 26, 2006, it is necessary that this act take effect immediately.

CHAPTER 223

An act to amend Sections 218, 17207, and 24347.5 of, and to add Sections 195.116, 195.117, and 195.118 to, the Revenue and Taxation Code, relating to disaster relief, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 21, 2007. Filed with
Secretary of State September 21, 2007.]

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

SECTION 1. Section 195.116 is added to the Revenue and Taxation Code, to read:

195.116. (a) By October 31, 2007, the auditors of the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that commenced January 11, 2007, shall certify to the Director of Finance an estimate of the total amount of the reduction in property tax revenues on both the regular secured roll and the supplemental roll for the 2006–07 fiscal year resulting from the reassessment by the county assessor pursuant to paragraph (1) of subdivision (a) of Section 170 of those properties that are eligible properties as a result of that disaster, except that the amount certified shall not include any estimated property tax revenue reductions to school districts, other than basic state aid school districts, and county offices of education.

(b) For purposes of this section, "basic state aid school district" means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 2. Section 195.117 is added to the Revenue and Taxation Code, to read:

195.117. After the county auditor of an eligible county, as described in Section 195.116, has made the applicable certification to the Director of Finance pursuant to that section, the director shall within 30 days after verification of the county auditor's estimate, certify this amount to the Controller for allocation to the county. Upon receipt of certification from the Director of Finance, the Controller shall make the appropriate allocation to the county within 10 working days.

SEC. 3. Section 195.118 is added to the Revenue and Taxation Code, to read:

195.118. (a) On or before June 30, 2008, each eligible county, as described in Section 195.116, shall compute and remit to the Controller for deposit in the General Fund an amount equal to the amount allocated to it by the Controller pursuant to Section 195.117, less the actual amount of its property tax revenue lost on the regular secured and supplemental rolls with respect to those eligible properties described in Section 195.116 as a result of the reassessment of those properties pursuant to paragraph (1) of subdivision (a) of Section 170, excluding any property tax revenue lost by school districts, other than basic state aid school districts, and county offices of education. If the actual amount of property tax revenue lost by an eligible county in the immediately preceding fiscal year, as described and limited in the preceding sentence, exceeds the amount allocated by the Controller to that county pursuant to Section 195.117, the Controller shall allocate the amount of that excess to that eligible county.

(b) For purposes of this section, "basic state aid school district" means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 4. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran's exemption.

(c) For purposes of this section, all of the following apply:

(1) "Owner" includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) "Dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) "Dwelling" includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified

as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to January 11, 2007, that was damaged or destroyed by severe freezing conditions, commencing January 11, 2007, and any other related casualty that occurred in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a result of a disaster as declared by the Governor, and that has not changed ownership since January 11, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under

this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to severe freezing conditions.

(l) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 4.5. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran's exemption.

(c) For purposes of this section, all of the following apply:

(1) "Owner" includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) "Dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) "Dwelling" includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the

cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a

result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to the commencement dates of the wildfires listed in the Governor’s proclamations of 2006 that was damaged or destroyed by the wildfires and any other related casualty that occurred in the Counties of Riverside and Ventura, and that has not changed ownership since the commencement dates of these disasters as listed in the Governor’s proclamations of 2006 shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) Any dwelling that qualified for an exemption under this section prior to January 11, 2007, that was damaged or destroyed by severe freezing conditions, commencing January 11, 2007, and any other related casualty that occurred in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a result of a disaster as declared by the Governor, and that has not changed ownership since January 11, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged

or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to severe freezing conditions.

(m) Any dwelling that qualified for an exemption under this section prior to June 24, 2007, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of El Dorado, as declared by the Governor in June 2007, and that has not changed ownership since June 24, 2007, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(n) Any dwelling that qualified for an exemption under this section prior to July 4, 2007, that was damaged or destroyed by the Zaca Fire and any other related casualty that occurred as a result of this disaster in the Counties of Santa Barbara and Ventura, as declared by the Governor in August 2007, and that has not changed ownership since July 4, 2007, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the Zaca Fire.

(o) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 4.7. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran's exemption.

(c) For purposes of this section, all of the following apply:

(1) "Owner" includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) “Dwelling” means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) “Dwelling” includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to October 26, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of Riverside, as declared by the Governor in October 2006,

and that has not changed ownership since October 26, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) Any dwelling that qualified for an exemption under this section prior to January 11, 2007, that was damaged or destroyed by severe freezing conditions, commencing January 11, 2007, and any other related casualty that occurred in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a result of a disaster as declared by the Governor, and that has not changed ownership since January 11, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to severe freezing.

(m) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 4.9. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners’ property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran’s exemption.

(c) For purposes of this section, all of the following apply:

(1) “Owner” includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) “Dwelling” means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) "Dwelling" includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has

not changed ownership since August 11, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to the commencement dates of the wildfires listed in the Governor’s proclamations of 2006 that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of Ventura, and that has not changed ownership since the commencement dates of these disasters as listed in the Governor’s proclamations of 2006 shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged

or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) Any dwelling that qualified for an exemption under this section prior to January 11, 2007, that was damaged or destroyed by severe freezing conditions, commencing January 11, 2007, and any other related casualty that occurred in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a result of a disaster as declared by the Governor, and that has not changed ownership since January 11, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to severe freezing conditions.

(m) Any dwelling that qualified for an exemption under this section prior to June 24, 2007, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of El Dorado, as declared by the Governor in June 2007, and that has not changed ownership since June 24, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(n) Any dwelling that qualified for an exemption under this section prior to July 4, 2007, that was damaged or destroyed by the Zaca Fire and any other related casualty that occurred as a result of this disaster in the Counties of Santa Barbara and Ventura, as declared by the Governor in August 2007, and that has not changed ownership since July 4, 2007, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the Zaca Fire.

(o) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 5. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne,

Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, "adjusted taxable income" shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (29), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the

due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 5.5. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego,

and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of Riverside and Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(31) Any loss sustained in the County of El Dorado as a result of the wildfires that occurred in June 2007.

(32) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, "adjusted taxable income" shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (32), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 5.7. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Riverside as a result of wildfires that occurred in October 2006.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum

of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, "adjusted taxable income" shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (31), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 5.9. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Ventura as a result of the wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(31) Any loss sustained in the County of El Dorado as a result of the wildfires that occurred in June 2007.

(32) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, "adjusted taxable income" shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (32), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 6. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (29), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 6.5. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino,

Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of Riverside and Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(31) Any loss sustained in the County of El Dorado as a result of the wildfires that occurred in June 2007.

(32) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision

(a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (32), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 6.7. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Riverside as a result of wildfires that occurred in October 2006.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum

of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (30), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 6.9. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Ventura as a result of the wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(31) Any loss sustained in the County of El Dorado as a result of the wildfires that occurred in June 2007.

(32) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (32), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 7. It is the intent of the Legislature to provide in the annual Budget Act those additional reimbursements to local governments that, as a result of Section 4 of this act, are required by Section 25 of Article XIII of the California Constitution.

SEC. 8. The Legislature finds and declares that this act fulfills a statewide public purpose because of all of the following:

(a) The Governor of California has officially proclaimed a state of emergency declaring that the severe freezing conditions, commencing January 11, 2007, that occurred within the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba constitute conditions of extreme peril to public health and safety to persons and property within that county, thus qualifying affected persons for various forms of governmental assistance and relief.

(b) This act is consistent with, and supplements, the proclaimed disaster assistance and relief by providing necessary fiscal assistance and tax relief to affected jurisdictions and persons to allow them to maintain essential basic services and repair damage to, and restore, their homes and businesses.

SEC. 9. 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. 10. (a) (1) Section 4.5 of this bill incorporates amendments to Section 218 of the Revenue and Taxation Code proposed by this bill, SB 38, and AB 62. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2008, (2) all three bills amend Section 218 of the Revenue and Taxation Code, and (3) this bill is enacted after SB 38 and AB 62, in which case Section 218 of the Revenue and Taxation Code, as amended by SB 38 and AB 62, shall remain operative only until the operative date of this bill, at which time Section 4.5 of this bill shall become operative, and Section 4 of this bill shall not become operative.

(2) Section 4.7 of this bill incorporates amendments to Section 218 of the Revenue and Taxation Code proposed by this bill and SB 38. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 218 of the Revenue and Taxation Code, (3) AB 62 is not enacted, or if enacted, does not amend Section 218 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 38, in which case Section 218 of the Revenue and Taxation Code, as amended by SB 38, shall remain operative only until the operative date of this bill, at which time Section 4.7 of this bill shall become operative, and Section 4 of this bill shall not become operative.

(3) Section 4.9 of this bill incorporates amendments to Section 218 of the Revenue and Taxation Code proposed by this bill and AB 62. It shall only become operative if (1) both bills are enacted and become

effective on or before January 1, 2008, (2) each bill amends Section 218 of the Revenue and Taxation Code, (3) SB 38 is not enacted, or if enacted, does not amend Section 218 of the Revenue and Taxation Code, and (4) this bill is enacted after AB 62, in which case Section 218 of the Revenue and Taxation Code, as amended by AB 62, shall remain operative only until the operative date of this bill, at which time Section 4.9 of this bill shall become operative, and Section 4 of this bill shall not become operative.

(b) (1) Section 5.5 of this bill incorporates amendments to Section 17207 of the Revenue and Taxation Code proposed by this bill, SB 38, and AB 62. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2008, (2) all three bills amend Section 17207 of the Revenue and Taxation Code, and (3) this bill is enacted after SB 38 and AB 62, in which case Section 17207 of the Revenue and Taxation Code, as amended by SB 38 and AB 62, shall remain operative only until the operative date of this bill, at which time Section 5.5 of this bill shall become operative, and Section 5 of this bill shall not become operative.

(2) Section 5.7 of this bill incorporates amendments to Section 17207 of the Revenue and Taxation Code proposed by this bill and SB 38. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 17207 of the Revenue and Taxation Code, (3) AB 62 is not enacted, or if enacted, does not amend Section 17207 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 38, in which case Section 17207 of the Revenue and Taxation Code, as amended by SB 38, shall remain operative only until the operative date of this bill, at which time Section 5.7 of this bill shall become operative, and Section 5 of this bill shall not become operative.

(3) Section 5.9 of this bill incorporates amendments to Section 17207 of the Revenue and Taxation Code proposed by this bill and AB 62. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 17207 of the Revenue and Taxation Code, (3) SB 38 is not enacted, or if enacted, does not amend Section 17207 of the Revenue and Taxation Code, and (4) this bill is enacted after AB 62, in which case Section 17207 of the Revenue and Taxation Code, as amended by AB 62, shall remain operative only until the operative date of this bill, at which time Section 5.9 of this bill shall become operative, and Section 5 of this bill shall not become operative.

(c) (1) Section 6.5 of this bill incorporates amendments to Section 24347.5 of the Revenue and Taxation Code proposed by this bill, SB 38, and AB 62. It shall only become operative if (1) all three bills are

enacted and become effective on or before January 1, 2008, (2) all three bills amend Section 24347.5 of the Revenue and Taxation Code, and (3) this bill is enacted after SB 38 and AB 62, in which case Section 24347.5 of the Revenue and Taxation Code, as amended by SB 38 and AB 62, shall remain operative only until the operative date of this bill, at which time Section 6.5 of this bill shall become operative, and Section 6 of this bill shall not become operative.

(2) Section 6.7 of this bill incorporates amendments to Section 24347.5 of the Revenue and Taxation Code proposed by this bill and SB 38. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 24347.5 of the Revenue and Taxation Code, (3) AB 62 is not enacted, or if enacted, does not amend Section 24347.5 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 38, in which case Section 24347.5 of the Revenue and Taxation Code, as amended by SB 38, shall remain operative only until the operative date of this bill, at which time Section 6.7 of this bill shall become operative, and Section 6 of this bill shall not become operative.

(3) Section 6.9 of this bill incorporates amendments to Section 24347.5 of the Revenue and Taxation Code proposed by this bill and AB 62. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 24347.5 of the Revenue and Taxation Code, (3) SB 38 is not enacted, or if enacted, does not amend Section 24347.5 of the Revenue and Taxation Code, and (4) this bill is enacted after AB 62, in which case Section 24347.5 of the Revenue and Taxation Code, as amended by AB 62, shall remain operative only until the operative date of this bill, at which time Section 6.9 of this bill shall become operative, and Section 6 of this bill shall not become operative.

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 timely provide essential relief to those persons and jurisdictions who have suffered damage or loss as a result of the severe freezing conditions, commencing January 11, 2007, that occurred in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as declared by the Governor to be in a state of emergency, it is necessary that this act take effect immediately.

CHAPTER 224

An act to amend Sections 218, 17207, and 24347.5 of, and to add Sections 195.107, 195.108, 195.109, 195.120, 195.121, 195.122, 195.123, 195.124, and 195.125 to, the Revenue and Taxation Code, relating to disaster relief, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 21, 2007. Filed with
Secretary of State September 21, 2007.]

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

SECTION 1. Section 195.107 is added to the Revenue and Taxation Code, to read:

195.107. (a) By October 31, 2007, the auditor of the County of Ventura, which was the subject of the Governor's proclamations of a state of emergency during the 2006 calendar year, shall certify to the Director of Finance an estimate of the total amount of the reduction in property tax revenues on both the regular secured roll and the supplemental roll for the 2006–07 fiscal year resulting from the reassessment by the county assessor pursuant to paragraph (1) of subdivision (a) of Section 170 of those properties that are eligible properties as a result of those disasters, except that the amount certified shall not include any estimated property tax revenue reductions to school districts, other than basic state aid school districts, and county offices of education.

(b) For purposes of this section, "basic state aid school district" means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 2. Section 195.108 is added to the Revenue and Taxation Code, to read:

195.108. After the county auditor of the eligible county, as described in Section 195.107, has made the applicable certification to the Director of Finance pursuant to that section, the director shall within 30 days after verification of the county auditor's estimate, certify this amount to the Controller for allocation to the county. Upon receipt of certification from the Director of Finance, the Controller shall make the appropriate allocation to the county within 10 working days.

SEC. 3. Section 195.109 is added to the Revenue and Taxation Code, to read:

195.109. (a) On or before June 30, 2008, the eligible county, as described in Section 195.107, shall compute and remit to the Controller for deposit in the General Fund an amount equal to the amount allocated to it by the Controller pursuant to Section 195.108, less the actual amount of its property tax revenue lost on the regular secured and supplemental rolls with respect to those eligible properties described in Section 195.107 as a result of the reassessment of those properties pursuant to paragraph (1) of subdivision (a) of Section 170, excluding any property tax revenue lost by school districts, other than basic state aid school districts, and county offices of education. If the actual amount of property tax revenue lost by an eligible county in the immediately preceding fiscal year, as described and limited in the preceding sentence, exceeds the amount allocated by the Controller to that county pursuant to Section 195.108, the Controller shall allocate the amount of that excess to that eligible county.

(b) For purposes of this section, “basic state aid school district” means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 4. Section 195.120 is added to the Revenue and Taxation Code, to read:

195.120. (a) By October 31, 2007, the auditor of the County of El Dorado, which was the subject of the Governor’s proclamation of a state of emergency for the wildfires that commenced on June 24, 2007, shall certify to the Director of Finance an estimate of the total amount of the reduction in property tax revenues on both the regular secured roll and the supplemental roll for the 2006–07 fiscal year resulting from the reassessment by the county assessor pursuant to paragraph (1) of subdivision (a) of Section 170 of those properties that are eligible properties as a result of that disaster, except that the amount certified shall not include any estimated property tax revenue reductions to school districts, other than basic state aid school districts, and county offices of education.

(b) For purposes of this section, “basic state aid school district” means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 5. Section 195.121 is added to the Revenue and Taxation Code, to read:

195.121. After the county auditor of the eligible county, as described in Section 195.120, has made the applicable certification to the Director

of Finance pursuant to that section, the director shall within 30 days after verification of the county auditor's estimate, certify this amount to the Controller for allocation to the county. Upon receipt of certification from the Director of Finance, the Controller shall make the appropriate allocation to the county within 10 working days.

SEC. 6. Section 195.122 is added to the Revenue and Taxation Code, to read:

195.122. (a) On or before June 30, 2008, the eligible county, as described in Section 195.120, shall compute and remit to the Controller for deposit in the General Fund an amount equal to the amount allocated to it by the Controller pursuant to Section 195.121, less the actual amount of its property tax revenue lost on the regular secured and supplemental rolls with respect to those eligible properties described in Section 195.120 as a result of the reassessment of those properties pursuant to paragraph (1) of subdivision (a) of Section 170, excluding any property tax revenue lost by school districts, other than basic state aid school districts, and county offices of education. If the actual amount of property tax revenue lost by the eligible county in the immediately preceding fiscal year, as described and limited in the preceding sentence, exceeds the amount allocated by the Controller to that county pursuant to Section 195.121, the Controller shall allocate the amount of that excess to that eligible county.

(b) For purposes of this section, "basic state aid school district" means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 7. Section 195.123 is added to the Revenue and Taxation Code, to read:

195.123. (a) By September 30, 2008, the auditors of the Counties of Santa Barbara and Ventura, which were the subject of the Governor's proclamation of a state of emergency for the Zaca Fire that commenced on July 4, 2007, shall certify to the Director of Finance an estimate of the total amount of the reduction in property tax revenues on both the regular secured roll and the supplemental roll for the 2007-08 fiscal year resulting from the reassessment by the county assessor pursuant to paragraph (1) of subdivision (a) of Section 170 of those properties that are eligible properties as a result of that disaster, except that the amount certified shall not include any estimated property tax revenue reductions to school districts, other than basic state aid school districts, and county offices of education.

(b) For purposes of this section, "basic state aid school district" means any school district that does not receive a state apportionment pursuant

to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 8. Section 195.124 is added to the Revenue and Taxation Code, to read:

195.124. After the county auditor of the eligible county, as described in Section 195.123, has made the applicable certification to the Director of Finance pursuant to that section, the director shall within 30 days after verification of the county auditor's estimate, certify this amount to the Controller for allocation to the county. Upon receipt of certification from the Director of Finance, the Controller shall make the appropriate allocation to the county within 10 working days.

SEC. 9. Section 195.125 is added to the Revenue and Taxation Code, to read:

195.125. (a) On or before June 30, 2009, the eligible county, as described in Section 195.123, shall compute and remit to the Controller for deposit in the General Fund an amount equal to the amount allocated to it by the Controller pursuant to Section 195.124, less the actual amount of its property tax revenue lost on the regular secured and supplemental rolls with respect to those eligible properties described in Section 195.123 as a result of the reassessment of those properties pursuant to paragraph (1) of subdivision (a) of Section 170, excluding any property tax revenue lost by school districts, other than basic state aid school districts, and county offices of education. If the actual amount of property tax revenue lost by the eligible county in the immediately preceding fiscal year, as described and limited in the preceding sentence, exceeds the amount allocated by the Controller to that county pursuant to Section 195.124, the Controller shall allocate the amount of that excess to that eligible county.

(b) For purposes of this section, "basic state aid school district" means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 10. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary

home of the owner or owners, nor does it apply to property on which an owner receives the veteran's exemption.

(c) For purposes of this section, all of the following apply:

(1) "Owner" includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) "Dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) "Dwelling" includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the

basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to the commencement dates of the wildfires listed in the Governor's proclamations of 2006 that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of Ventura, and that has not changed ownership since the commencement dates of these disasters as listed in the Governor's proclamations of 2006 shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) Any dwelling that qualified for an exemption under this section prior to June 24, 2007, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of El Dorado, as declared by the Governor in June 2007, and that has not changed ownership since June 24, 2007, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(m) Any dwelling that qualified for an exemption under this section prior to July 4, 2007, that was damaged or destroyed by the Zaca Fire and any other related casualty that occurred as a result of this disaster in the Counties of Santa Barbara and Ventura, as declared by the Governor in August 2007, and that has not changed ownership since July 4, 2007, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the Zaca Fire.

(n) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 10.5. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the

Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran's exemption.

(c) For purposes of this section, all of the following apply:

(1) "Owner" includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) "Dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) "Dwelling" includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a "dwelling" or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since

October 15, 2003, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires

and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to the commencement dates of the wildfires listed in the Governor’s proclamations of 2006 that was damaged or destroyed by the wildfires and any other related casualty that occurred in the Counties of Riverside and Ventura, and that has not changed ownership since the commencement dates of these disasters as listed in the Governor’s proclamations of 2006 shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) Any dwelling that qualified for an exemption under this section prior to January 11, 2007, that was damaged or destroyed by severe freezing conditions, commencing January 11, 2007, and any other related casualty that occurred in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a result of a disaster as declared by the Governor, and that has not changed ownership since January 11, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to severe freezing conditions.

(m) Any dwelling that qualified for an exemption under this section prior to June 24, 2007, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of El Dorado, as declared by the Governor in June 2007, and that has not changed ownership since June 24, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(n) Any dwelling that qualified for an exemption under this section prior to July 4, 2007, that was damaged or destroyed by the Zaca Fire

and any other related casualty that occurred as a result of this disaster in the Counties of Santa Barbara and Ventura, as declared by the Governor in August 2007, and that has not changed ownership since July 4, 2007, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the Zaca Fire.

(o) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 10.7. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran's exemption.

(c) For purposes of this section, all of the following apply:

(1) "Owner" includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) "Dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) "Dwelling" includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing

corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was

being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to the commencement dates of the wildfires listed in the Governor’s proclamations of 2006 that was damaged or destroyed by the wildfires and any other related casualty that occurred in the Counties of Riverside and Ventura, and that has not changed ownership since the commencement dates of these disasters as listed in the Governor’s proclamations of 2006 shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) Any dwelling that qualified for an exemption under this section prior to June 24, 2007, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of El Dorado, as declared by the Governor in June 2007, and that has not changed ownership since June 24, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily

uninhabited as a result of restricted access to the property due to the wildfires.

(m) Any dwelling that qualified for an exemption under this section prior to July 4, 2007, that was damaged or destroyed by the Zaca Fire and any other related casualty that occurred as a result of this disaster in the Counties of Santa Barbara and Ventura, as declared by the Governor in August 2007, and that has not changed ownership since July 4, 2007, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the Zaca Fire.

(n) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 10.9. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran's exemption.

(c) For purposes of this section, all of the following apply:

(1) "Owner" includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling.

(2) (A) "Dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) "Dwelling" includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share or membership interests in the cooperative housing corporations so as to benefit those owners who qualify for the exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster,

as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(i) Any dwelling that qualified for an exemption under this section prior to December 19, 2005, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor in January 2006, April 2006, May 2006, or June 2006, and that has not changed ownership since December 19, 2005, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) Any dwelling that qualified for an exemption under this section prior to the commencement dates of the wildfires listed in the Governor’s proclamations of 2006 that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of Ventura, and that has not changed ownership since the commencement dates of these disasters as listed in the Governor’s proclamations of 2006 shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(l) Any dwelling that qualified for an exemption under this section prior to January 11, 2007, that was damaged or destroyed by severe freezing conditions, commencing January 11, 2007, and any other related casualty that occurred in the Counties of El Dorado, Fresno, Imperial,

Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a result of a disaster as declared by the Governor, and that has not changed ownership since January 11, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to severe freezing conditions.

(m) Any dwelling that qualified for an exemption under this section prior to June 24, 2007, that was damaged or destroyed by the wildfires and any other related casualty that occurred as a result of this disaster in the County of El Dorado, as declared by the Governor in June 2007, and that has not changed ownership since June 24, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(n) Any dwelling that qualified for an exemption under this section prior to July 4, 2007, that was damaged or destroyed by the Zaca Fire and any other related casualty that occurred as a result of this disaster in the Counties of Santa Barbara and Ventura, as declared by the Governor in August 2007, and that has not changed ownership since July 4, 2007, may not be denied an exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the Zaca Fire.

(o) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 11. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained

in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(31) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, "adjusted taxable income" shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (31), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 11.5. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and

slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of Riverside and Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(31) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(32) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, “adjusted taxable income” shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (32), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 11.7. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino,

San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as

a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of Riverside and Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(31) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision

(a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, "adjusted taxable income" shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (31), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 11.9. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes that occurred in the County of San Bernardino in June and July of 1992, or any other related casualty.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties

of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(31) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(32) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165(c) of the Internal Revenue Code, relating to limitation of losses of individuals, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 17276, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, "adjusted taxable income" shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (32), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 12. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor’s proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Ventura as a result of the wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(31) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable

year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (31), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 12.5. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of Riverside and Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(31) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(32) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (32), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 12.7. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any

other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the Counties of Riverside and Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(31) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (31), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 12.9. Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

(4) Earthquake, aftershock, or any other related casualty occurring in October 1987 in California.

(5) Earthquake, aftershock, or any other related casualty occurring in October 1989 in California.

(6) Any loss sustained during 1990 as a result of fire or any other related casualty in California.

(7) Any loss sustained as a result of the Oakland/Berkeley Fire of 1991, or any other related casualty.

(8) Any loss sustained as a result of storm, flooding, or any other related casualty occurring in February 1992 in California.

(9) Earthquake, aftershock, or any other related casualty occurring in April 1992 in the County of Humboldt.

(10) Riots, arson, or any other related casualty occurring in April or May 1992 in California.

(11) Any loss sustained as a result of the earthquakes or any other related casualty that occurred in the County of San Bernardino in June and July of 1992.

(12) Any loss sustained as a result of the Fountain Fire that occurred in the County of Shasta, or as a result of either of the fires in the Counties

of Calaveras and Trinity that occurred in August 1992, or any other related casualty.

(13) Any loss sustained as a result of storm, flooding, or any other related casualty that occurred in the Counties of Alpine, Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles, Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas, Riverside, San Bernardino, San Diego, Santa Barbara, Sierra, Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of Fillmore in January 1993.

(14) Any loss sustained as a result of a fire that occurred in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, during October or November of 1993, or any other related casualty.

(15) Any loss sustained as a result of the earthquake, aftershocks, or any other related casualty that occurred in the Counties of Los Angeles, Orange, and Ventura on or after January 17, 1994.

(16) Any loss sustained as a result of a fire that occurred in the County of San Luis Obispo during August of 1994, or any other related casualty.

(17) Any loss sustained as a result of the storms or flooding occurring in 1995, or any other related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms and flooding.

(18) Any loss sustained as a result of the storms or flooding occurring in December 1996 or January 1997, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(19) Any loss sustained as a result of the storms or flooding occurring in February 1998, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the storms or flooding.

(20) Any loss sustained as a result of a freeze occurring in the winter of 1998–99, or any related casualty, sustained in any county of this state subject to a disaster declaration with respect to the freeze.

(21) Any loss sustained as a result of an earthquake occurring in September 2000, that was included in the Governor's proclamation of a state of emergency for the County of Napa.

(22) Any loss sustained as a result of the Middle River levee break in San Joaquin County occurring in June 2004.

(23) Any losses sustained as a result of the fires that occurred in the Counties of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura in October and November 2003, or as a result of floods, mudflows, and debris flows, directly related to fires.

(24) Any losses sustained in the Counties of Santa Barbara and San Luis Obispo as a result of the San Simeon earthquake, aftershocks, and any other related casualties.

(25) Any losses sustained as a result of the wildfires that occurred in Shasta County, commencing August 11, 2004, and any other related casualty.

(26) Any loss sustained in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2004, January 2005, February 2005, March 2005, or June 2005.

(27) Any loss sustained in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of the severe rainstorms, related flooding and slides, and any other related casualties, that occurred in December 2005, January 2006, March 2006, or April 2006.

(28) Any loss sustained in the County of San Bernardino as a result of the wildfires that occurred in July 2006.

(29) Any loss sustained in the County of Ventura as a result of wildfires that occurred during the 2006 calendar year.

(30) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that occurred in January 2007.

(31) Any loss sustained in the County of El Dorado as a result of wildfires that occurred in June 2007.

(32) Any loss sustained in the Counties of Santa Barbara and Ventura as a result of the Zaca Fire that occurred during the 2007 calendar year.

(b) (1) In the case of any loss allowed under Section 165 of the Internal Revenue Code, relating to losses, any excess disaster loss shall be carried forward to each of the five taxable years following the taxable year for which the loss is claimed. However, if there is any excess disaster loss remaining after the five-year period, then the applicable percentage, as set forth in paragraph (1) of subdivision (b) of Section 24416, of that excess disaster loss shall be carried forward to each of the next 10 taxable years.

(2) The entire amount of any excess disaster loss as defined in subdivision (c) shall be carried to the earliest of the taxable years to which, by reason of subdivision (b), the loss may be carried. The portion of the loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the net income for each of the prior taxable years to which that excess disaster loss is carried.

(c) "Excess disaster loss" means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code, which exceeds the net income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the net income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Any corporation subject to the provisions of Section 25101 or 25101.15 that has disaster losses pursuant to this section, shall determine the excess disaster loss to be carried to other taxable years under the principles specified in Section 25108 relating to net operating losses.

(f) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (32), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

SEC. 13. It is the intent of the Legislature to provide in the annual Budget Act those additional reimbursements to local governments that, as a result of Section 4 of this act, are required by Section 25 of Article XIII of the California Constitution.

SEC. 14. The Legislature finds and declares that this act fulfills a statewide public purpose because of all of the following:

(a) The Governor of California has officially proclaimed a state of emergency declaring that the wildfires that occurred within the County of Ventura, commencing in September 2006, and the wildfires that occurred within the Counties of El Dorado, Santa Barbara, and Ventura during the 2007 calendar year constitute conditions of extreme peril to public health and safety to persons and property within that county, thus qualifying affected persons for various forms of governmental assistance and relief.

(b) This act is consistent with, and supplements, the proclaimed disaster assistance and relief by providing necessary fiscal assistance and tax relief to affected jurisdictions and persons to allow them to maintain essential basic services and repair damage to, and restore, their homes and businesses.

SEC. 15. 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. 16. (a) (1) Section 10.5 of this bill incorporates amendments to Section 218 of the Revenue and Taxation Code proposed by this bill, SB 38, and SB 114. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2008, (2) all three bills amend Section 218 of the Revenue and Taxation Code, and (3) this bill is enacted after SB 38 and SB 114, in which case Section 218 of the Revenue and Taxation Code, as amended by SB 38 and SB 114, shall remain operative only until the operative date of this bill, at which time Section 10.5 of this bill shall become operative, and Section 10 of this bill shall not become operative.

(2) Section 10.7 of this bill incorporates amendments to Section 218 of the Revenue and Taxation Code proposed by this bill and SB 38. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 218 of the Revenue and Taxation Code, (3) SB 114 is not enacted, or if enacted, does not amend Section 218 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 38, in which case Section 218 of the Revenue and Taxation Code, as amended by SB 38, shall remain operative only until the operative date of this bill, at which time Section 10.7 of this bill shall become operative, and Section 10 of this bill shall not become operative.

(3) Section 10.9 of this bill incorporates amendments to Section 218 of the Revenue and Taxation Code proposed by this bill and SB 114. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 218 of the Revenue and Taxation Code, (3) SB 38 is not enacted, or if enacted, does not amend Section 218 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 114, in which case Section 218 of the Revenue and Taxation Code, as amended by SB 114, shall remain operative only until the operative date of this bill, at which time Section 10.9 of this bill shall become operative, and Section 10 of this bill shall not become operative.

(b) (1) Section 11.5 of this bill incorporates amendments to Section 17207 of the Revenue and Taxation Code proposed by this bill, SB 38, and SB 114. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2008, (2) all three bills amend Section 17207 of the Revenue and Taxation Code, and (3) this bill is enacted after SB 38 and SB 114, in which case Section 17207 of the Revenue and Taxation Code, as amended by SB 38 and SB 114, shall remain operative only until the operative date of this bill, at which time Section 11.5 of this bill shall become operative, and Section 11 of this bill shall not become operative.

(2) Section 11.7 of this bill incorporates amendments to Section 17207 of the Revenue and Taxation Code proposed by this bill and SB 38. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 17207 of the Revenue and Taxation Code, (3) SB 114 is not enacted, or if enacted, does not amend Section 17207 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 38, in which case Section 17207 of the Revenue and Taxation Code, as amended by SB 38, shall remain operative only until the operative date of this bill, at which time Section 11.7 of this bill shall become operative, and Section 11 of this bill shall not become operative.

(3) Section 11.9 of this bill incorporates amendments to Section 17207 of the Revenue and Taxation Code proposed by this bill and SB 114. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 17207 of the Revenue and Taxation Code, (3) SB 38 is not enacted, or if enacted, does not amend Section 17207 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 114, in which case Section 17207 of the Revenue and Taxation Code, as amended by SB 114, shall remain operative only until the operative date of this bill, at which time Section 11.9 of this bill shall become operative, and Section 11 of this bill shall not become operative.

(c) (1) Section 12.5 of this bill incorporates amendments to Section 24347.5 of the Revenue and Taxation Code proposed by this bill, SB 38, and SB 114. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2008, (2) all three bills amend Section 24347.5 of the Revenue and Taxation Code, and (3) this bill is enacted after SB 38 and SB 114, in which case Section 24347.5 of the Revenue and Taxation Code, as amended by SB 38 and SB 114, shall remain operative only until the operative date of this bill, at which time Section 12.5 of this bill shall become operative, and Section 12 of this bill shall not become operative.

(2) Section 12.7 of this bill incorporates amendments to Section 24347.5 of the Revenue and Taxation Code proposed by this bill and SB 38. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 24347.5 of the Revenue and Taxation Code, (3) SB 114 is not enacted, or if enacted, does not amend Section 24347.5 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 38, in which case Section 24347.5 of the Revenue and Taxation Code, as amended by SB 38, shall remain operative only until the operative date of this bill, at which time Section 12.7 of this bill shall become operative, and Section 12 of this bill shall not become operative.

(3) Section 12.9 of this bill incorporates amendments to Section 24347.5 of the Revenue and Taxation Code proposed by this bill and SB 114. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 24347.5 of the Revenue and Taxation Code, (3) SB 38 is not enacted, or if enacted, does not amend Section 24347.5 of the Revenue and Taxation Code, and (4) this bill is enacted after SB 114, in which case Section 24347.5 of the Revenue and Taxation Code, as amended by SB 114, shall remain operative only until the operative date of this bill, at which time Section 12.9 of this bill shall become operative, and Section 12 of this bill shall not become operative.

SEC. 17. 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 timely provide essential relief to those persons and jurisdictions who have suffered damage or loss as a result of the wildfires that occurred in the County of Ventura, commencing in September of 2006, and the wildfires that occurred within the Counties of El Dorado, Santa Barbara, and Ventura during the 2007 calendar year it is necessary that this act take effect immediately.

CHAPTER 225

An act to amend Section 211 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 21, 2007. Filed with
Secretary of State September 21, 2007.]

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

SECTION 1. Section 211 of the Revenue and Taxation Code is amended to read:

211. (a) The exemption of fruit- and nut-bearing trees until four years after the season in which they were planted in orchard form and grapevines until three years after the season in which they were planted in vineyard form is as specified in subdivision (i) of Section 3 of Article XIII of the Constitution. For purposes of exemption pursuant to this subdivision, any fruit- or nut-bearing tree, or any grapevine, severely damaged during the exemption period by the December 1990 freeze so as to require pruning to the trunk or bud union to establish a new shoot as a replacement for the damaged tree or grapevine, shall be considered a new planting in orchard or vineyard form. For purposes of exemption pursuant to this subdivision, any fruit- or nut-bearing tree severely damaged during the exemption period by the December 1998 freeze or the January 2007 freeze so as to require pruning to the trunk or bud union to establish a new shoot as a replacement for the damaged tree shall be considered a new planting in orchard form.

(b) The exemption of timber is as specified in subdivision (j) of Section 3 of Article XIII of the Constitution and Section 436.

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 226

An act to add Section 12012.47 to the Government Code, relating to gaming.

[Approved by Governor September 25, 2007. Filed with
Secretary of State September 25, 2007.]

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

SECTION 1. Section 12012.47 is added to the Government Code, to read:

12012.47. (a) The amendment to the tribal-state gaming compact entered into in accordance with the Indian Gaming Regulatory Act of

1988 (18 U.S.C. Sec. 1166 to 1168, incl., and 25 U.S.C. Sec. 2701 et seq.) between the State of California and the San Manuel Band of Mission Indians, executed on August 28, 2006, is hereby ratified.

(b) The terms of the amended compact ratified by this section shall apply only to the State of California and the tribe that has signed it, and shall not bind any tribe that is not a signatory to the amended compact. The Legislature acknowledges the right of federally recognized tribes to exercise their sovereignty to negotiate and enter into compacts with the state that are materially different from the amended compact ratified pursuant to subdivision (a).

(c) (1) In deference to tribal sovereignty, none of the following shall be deemed a project for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code):

(A) The execution of an amendment to the amended tribal-state gaming compact ratified by this section.

(B) The execution of the amended tribal-state gaming compact ratified by this section.

(C) The execution of an intergovernmental agreement between a tribe and a county or city government negotiated pursuant to the express authority of, or as expressly referenced in, the amended tribal-state gaming compact ratified by this section.

(D) The execution of an intergovernmental agreement between a tribe and the California Department of Transportation negotiated pursuant to the express authority of, or as expressly referenced in, the amended tribal-state gaming compact ratified by this section.

(E) The on-reservation impacts of compliance with the terms of the amended tribal-state gaming compact ratified by this section.

(F) The sale of compact assets, as defined in subdivision (a) of Section 63048.6, or the creation of the special purpose trust established pursuant to Section 63048.65.

(2) Except as expressly provided herein, nothing in this subdivision shall be construed to exempt a city, county, or city and county, or the California Department of Transportation, from the requirements of the California Environmental Quality Act.

(d) Revenue contributions made to the state by tribes pursuant to the amended tribal-state gaming compact ratified by this section shall be deposited in the General Fund, or as otherwise provided in the amended compact.

CHAPTER 227

An act to add Section 12012.475 to the Government Code, relating to gaming.

[Approved by Governor September 25, 2007. Filed with
Secretary of State September 25, 2007.]

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

SECTION 1. Section 12012.475 is added to the Government Code, to read:

12012.475. The letter of agreement entered into between the State of California and the San Manuel Band of Mission Indians, executed on September 5, 2007, is hereby approved.

CHAPTER 228

An act to add Section 6275 to the Penal Code, relating to prisons.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 6275 is added to the Penal Code, to read:

6275. (a) Notwithstanding any other provision of law, the Department of Corrections and Rehabilitation is authorized to use the Northern California Women's Facility in Stockton as a reentry facility to house inmates, parole violators, or parolees pending revocation of their parole who are either paroling to, or returning to prison from, the Counties of San Joaquin, Calaveras, or Amador.

(b) The provisions of subdivision (b) of Section 15820.907 of the Government Code were met on August 7, 2007, when the San Joaquin County Board of Supervisors and the Stockton City Council passed resolutions supporting conversion of the former Northern California Women's Facility to a reentry facility to house male inmates or parole violators.

(c) The "reactivation" of the Northern California Women's Facility for use as a reentry facility to house male inmates shall have the same meaning and legal definition as the following terms:

(1) "Assist the state in siting" as provided in subdivision (b) of Section 15820.907 of the Government Code.

(2) "Sited" as provided in subdivision (b) of Section 15820.918 of the Government Code and paragraph (3) of subdivision (a) of Section 7021 of this code.

CHAPTER 229

An act to amend Section 5096.520 of the Public Resources Code, relating to resource conservation.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 5096.520 of the Public Resources Code is amended to read:

5096.520. (a) The Secretary of the Resources Agency shall establish a central public registry of all conservation easements held or required by the state, or purchased with state grant funds provided by an agency, department, or division of the state on or after January 1, 2000. In constructing the registry, the Resources Agency shall draw upon the Department of General Services' property inventory, and other information held by a state agency, department, division, or other sources.

(b) For the purposes of this section, "conservation easement" means any limitation in a recorded instrument that contains an easement, restriction, covenant, condition, or offer to dedicate, that has been executed by or on behalf of the owner of the land subject to that limitation and is binding upon successive owners of the land, and the purpose of which is to retain land predominantly in its natural, scenic, historical, agricultural, forested, or open-space condition. "Conservation easement" includes a conservation easement as defined in Section 815.1 of the Civil Code, an open-space easement as defined in Section 51075 of the Government Code, and an agricultural conservation easement as defined in Section 10211.

(c) The registry shall only include the following information on each conservation easement listed in the registry:

(1) The assessor's parcel numbers for the property covered by the easement.

(2) The purpose of the easement.

(3) The location of the easement, identified by county and nearest city.

(4) The identity of the easement holder.

(5) The size of the easement in acres.

(6) The date the easement transaction was recorded.

(7) The amount of funding provided by the agency, department, or division of the state holding or requiring the easement or providing state grant funds for the easement.

(d) An agency, department, or division of the state with conservation easements that are held or required by the state or purchased with state grant funds shall enter and keep current the information specified in subdivision (c) for those easements in the registry established pursuant to this section.

(e) On or before January 1, 2009, the Secretary of the Resources Agency shall make the registry available for use by the general public. Only the information pertaining to paragraphs (2) to (6), inclusive, of subdivision (c) regarding conservation easements held or required by the state, or purchased with state grant funds provided by an agency, department, or division of the state on or after January 1, 2006, shall be provided by the Secretary of the Resources Agency on the Internet. Personal identifying information shall not be posted on the Internet. The registry shall be updated biennially.

CHAPTER 230

An act to amend Sections 7159, 7159.5, and 7159.14 of the Business and Professions Code, relating to contractors.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 7159 of the Business and Professions Code 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 that are subject to Section 7159.10, provided the contract for the applicable services complies with Sections 7159.10 to 7159.14, inclusive.

(3) This section does not apply to the sale, installation, and servicing of a fire alarm sold in conjunction with an alarm system, as defined in subdivision (n) of Section 7590.1, provided all costs attributable to making the fire alarm system operable, including sale and installation costs, do not exceed five hundred dollars (\$500), and the licensee complies with the requirements set forth in Section 7159.9.

(4) This section does not apply to any costs associated with monitoring a burglar or fire alarm system.

(5) 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, except as provided in paragraph (8) of subdivision (a) of Section 7159.5, 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 downpayment will be charged, the details of the downpayment 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 downpayment 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 downpayment, are 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) Except as provided in paragraph (8) of subdivision (a) of Section 7159.5, 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. 2. Section 7159.5 of the Business and Professions Code 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 be in writing and 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 downpayment, 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 statement regarding the downpayment specified in subparagraph (C) of paragraph (8) of subdivision (d) of Section 7159, the details and statement regarding progress payments specified in paragraph (9) of subdivision (d) of Section 7159, or the Mechanics' Lien Warning

specified in paragraph (4) of subdivision (e) of 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 that 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, in accordance with paragraph (4) of subdivision (d) of Section 802 of the Penal Code, within four years from the date of the contract or, if the contract is not reduced to writing, from the date the buyer makes the first payment to the contractor.

(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, in accordance with paragraph (2) of subdivision (d) of Section 802 of the Penal Code, within two years from the date of the contract or, if the contract is not reduced to writing, from the date the buyer makes the first payment to the contractor.

(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. 3. Section 7159.14 of the Business and Professions Code is amended to read:

7159.14. (a) This section applies to a service and repair contract as defined in Section 7159.10. A violation of this section 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.

(1) The contract may not exceed seven hundred fifty dollars (\$750).

(2) The contract shall be in writing and shall state the agreed contract amount, which may be stated as either a fixed contract amount in dollars and cents or, if a time and materials formula is used, as an estimated contract amount in dollars and cents.

(3) The contract amount shall include the entire cost of the contract including profit, labor, and materials, but excluding finance charges.

(4) The actual contract amount of a time and materials contract may not exceed the estimated contract amount without written authorization from the buyer.

(5) The prospective buyer must have initiated contact with the contractor to request work.

(6) The contractor may 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.

(7) No payment may be due before the project is completed.

(8) A service and repair contractor may charge only one service charge. For purposes of this chapter, a service charge includes such charges as a service or trip charge, or an inspection fee.

(9) A service and repair contractor charging a service charge must disclose in all advertisements that there is a service charge and, when the customer initiates the call for service, must disclose the amount of the service charge.

(10) The service and repair contractor must offer to the customer any parts that were replaced.

(11) Upon any payment by the buyer, the contractor shall, if requested, obtain and furnish to the buyer 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.

(b) A violation of paragraph (1), (2), (3), (4), (5), (6), or (8) 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 that 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, in accordance

with paragraph (4) of subdivision (d) of Section 802 of the Penal Code, within four years from the date of the contract or, if the contract is not reduced to writing, from the date the buyer makes the first payment to the contractor.

(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, in accordance with paragraph (2) of subdivision (d) of Section 802 of the Penal Code, within two years from the date of the contract or, if the contract is not reduced to writing, from the date the buyer makes the first payment to the contractor.

(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.

CHAPTER 231

An act to amend Section 27293 of the Government Code, relating to recorded instruments.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 27293 of the Government Code is amended to read:

27293. (a) (1) Except as otherwise provided in subdivision (b), if an instrument intended for record is executed or certified in whole or in

part in any language other than English, the recorder shall not accept the instrument for record.

(2) (A) A translation in English of an instrument executed or certified in whole or in part in any language other than English may be presented to the county clerk for verification that the translation was performed by a certified or registered court interpreter, as described in Section 68561 of the Government Code, or by an accredited translator registered with the American Translators Association. The translation shall be accompanied by a notarized declaration by the interpreter or translator that the translation is true and accurate, and includes the certification, qualification, or registration of the interpreter or translator. The clerk shall consult a Web site maintained by the Judicial Council or the American Translators Association in verifying the certification, qualification, or registration of the interpreter or translator.

(B) Upon verification that the translation was performed by an interpreter or translator described in subparagraph (A), and that the translation is accompanied by a notarized declaration as required pursuant to subparagraph (A), the clerk shall duly make certification of that verification under seal of the county, attach the certification to the translation, and attach the certified translation to the original instrument.

(C) For this verification and certification, a fee of ten dollars (\$10) shall be paid to the county clerk for each document submitted for certification. The attached original instrument and certified translation may be presented to the recorder, and upon payment of the usual fees, the recorder shall accept and permanently file the instrument and record the certified translation. The recording of the certified translation gives notice and is of the same effect as the recording of an original instrument. Certified copies of the recorded translation may be recorded in other counties, with the same effect as the recording of the original translation; provided, however, that in those counties where a photostatic or photographic method of recording is employed, the whole instrument, including the foreign language and the translation may be recorded, and the original instrument returned to the party leaving it for record or upon his or her order.

(b) The provisions of subdivision (a) do not apply to any instrument offered for record that contains provisions in English and a translation of the English provisions in any language other than English, provided that the English provisions and the translation thereof are specifically set forth in state or federal law.

(c) The county clerk is not required to issue a translation certificate if he or she is unable to confirm the certification, registration, or accreditation of the translator, as required in subdivision (a).

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 232

An act to amend Section 21201 of the Vehicle Code, relating to vehicles.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 21201 of the Vehicle Code is amended to read: 21201. (a) No person shall operate a bicycle on a roadway unless it is equipped with a brake which will enable the operator to make one braked wheel skid on dry, level, clean pavement.

(b) No person shall operate on the highway a bicycle equipped with handlebars so raised that the operator must elevate his hands above the level of his shoulders in order to grasp the normal steering grip area.

(c) No person shall operate upon a highway a bicycle that is of a size that prevents the operator from safely stopping the bicycle, supporting it in an upright position with at least one foot on the ground, and restarting it in a safe manner.

(d) A bicycle operated during darkness upon a highway, a sidewalk where bicycle operation is not prohibited by the local jurisdiction, or a bikeway, as defined in Section 890.4 of the Streets and Highways Code, shall be equipped with all of the following:

(1) A lamp emitting a white light that, while the bicycle is in motion, illuminates the highway, sidewalk, or bikeway in front of the bicyclist and is visible from a distance of 300 feet in front and from the sides of the bicycle.

(2) A red reflector on the rear that shall be visible from a distance of 500 feet to the rear when directly in front of lawful upper beams of headlamps on a motor vehicle.

(3) A white or yellow reflector on each pedal, shoe, or ankle visible from the front and rear of the bicycle from a distance of 200 feet.

(4) A white or yellow reflector on each side forward of the center of the bicycle, and a white or red reflector on each side to the rear of the

center of the bicycle, except that bicycles that are equipped with reflectorized tires on the front and the rear need not be equipped with these side reflectors.

The reflectors and reflectorized tires shall be of a type meeting requirements established by the department.

(e) A lamp or lamp combination, emitting a white light, attached to the operator and visible from a distance of 300 feet in front and from the sides of the bicycle, may be used in lieu of the lamp required by paragraph (1) of subdivision (d).

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 233

An act to amend Section 56366.4 of the Education Code, relating to special education.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 56366.4 of the Education Code is amended to read:

56366.4. (a) The Superintendent may revoke or suspend the certification of a nonpublic, nonsectarian school or agency for any of the following reasons:

(1) Violation of an applicable state or federal rule or regulation, or aiding, abetting, or permitting the violation of an applicable state or federal rule or regulation.

(2) Falsification or intentional misrepresentation of an element of the application, pupil records, or program presented for certification purposes.

(3) Conduct in the operation or maintenance of the nonpublic, nonsectarian school or agency that is harmful to the health, welfare, or safety of an individual with exceptional needs.

(4) Failure to comply with a provision in the contract with the local educational entity.

(5) Failure to notify the department in writing of any of the following within 45 days of the occurrence:

(A) Changes in credentialed, licensed, or registered staff who render special education and related services, ownership, management, or control of the nonpublic, nonsectarian school or agency.

(B) Major modification or relocation of facilities.

(C) Significant modification of the nonpublic, nonsectarian school or agency program.

(6) Failure to implement recommendations and compliance requirements following an onsite review of the school or agency.

(7) Failure to provide appropriate services, supplies, equipment, or facilities for a pupil as required in his or her individualized education program.

(8) Failure to notify the Superintendent in writing within 10 days of the revocation or suspension of a license or permit, including, but not limited to, a residential care license, business license, or other required license or permit.

(9) Failure to implement a pupil's individualized education program.

(10) Failure to notify the Superintendent in writing within 10 days of the death of a pupil or any other individual of unnatural causes within the school or agency, including the circumstances surrounding the death and appropriate preventative measures being taken or recommended.

(b) The Superintendent shall notify contracting local educational agencies and the special education local plan area in which the nonpublic, nonsectarian school or agency is located of the determination to suspend or revoke state certification.

(c) If the Superintendent determines that a nonpublic, nonsectarian school or agency has violated the certification requirements pursuant to this section and revokes the certification, the nonpublic, nonsectarian school or agency; the site administrator, business, organization, or entity involved in the administration of the nonpublic, nonsectarian school or agency whose certification was revoked; and the site administrator, business, organization, or entity whose nonpublic, nonsectarian school or agency certification was revoked at any time previously, shall not be eligible to apply for recertification of the school or agency for two full years from the date of revocation.

CHAPTER 234

An act to amend Section 2166.5 of the Elections Code, relating to voter registration.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 2166.5 of the Elections Code is amended to read:

2166.5. (a) Any person filing with the county elections official a new affidavit of registration or reregistration may have the information relating to his or her residence address, telephone number, and e-mail address appearing on the affidavit, or any list or roster or index prepared therefrom, declared confidential upon presentation of certification that the person is a participant in the Address Confidentiality for Victims of Domestic Violence, Sexual Assault, and Stalking program pursuant to Chapter 3.1 (commencing with Section 6205) of Division 7 of Title 1 of the Government Code or a participant in the Address Confidentiality for Reproductive Health Care Service Providers, Employees, Volunteers, and Patients program pursuant to Chapter 3.2 (commencing with Section 6215) of that division.

(b) Any person granted confidentiality under subdivision (a) shall:

(1) Be considered an absent voter for all subsequent elections or until the county elections official is notified otherwise by the Secretary of State or in writing by the voter. A voter requesting termination of absent voter status thereby consents to placement of his or her residence address, telephone number, and e-mail address in the roster of voters.

(2) In addition to the required residence address, provide a valid mailing address to be used in place of the residence address for election, scholarly, or political research, and government purposes. The elections official, in producing any list, roster, or index may, at his or her choice, use the valid mailing address or the word "confidential" or some similar designation in place of the residence address.

(c) No action in negligence may be maintained against any government entity or officer or employee thereof as a result of disclosure of the information that is the subject of this section unless by a showing of gross negligence or willfulness.

(d) Subdivisions (a) and (b) shall not apply to any person granted confidentiality upon receipt by the county elections official of a written notice by the address confidentiality program manager of the withdrawal,

invalidation, expiration, or termination of the program participant's certification.

(e) This section shall remain in effect only until January 1, 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. 1.5. Section 2166.5 of the Elections Code is amended to read:

2166.5. (a) Any person filing with the county elections official a new affidavit of registration or reregistration may have the information relating to his or her residence address, telephone number, and e-mail address appearing on the affidavit, or any list or roster or index prepared therefrom, declared confidential upon presentation of certification that the person is a participant in the Address Confidentiality for Victims of Domestic Violence, Sexual Assault, and Stalking program pursuant to Chapter 3.1 (commencing with Section 6205) of Division 7 of Title 1 of the Government Code or a participant in the Address Confidentiality for Reproductive Health Care Service Providers, Employees, Volunteers, and Patients program pursuant to Chapter 3.2 (commencing with Section 6215) of that division.

(b) Any person granted confidentiality under subdivision (a) shall:

(1) Be considered a vote by mail voter for all subsequent elections or until the county elections official is notified otherwise by the Secretary of State or in writing by the voter. A voter requesting termination of vote by mail status thereby consents to placement of his or her residence address, telephone number, and e-mail address in the roster of voters.

(2) In addition to the required residence address, provide a valid mailing address to be used in place of the residence address for election, scholarly, or political research, and government purposes. The elections official, in producing any list, roster, or index may, at his or her choice, use the valid mailing address or the word "confidential" or some similar designation in place of the residence address.

(c) No action in negligence may be maintained against any government entity or officer or employee thereof as a result of the disclosure of the information that is the subject of this section unless by a showing of gross negligence or willfulness.

(d) Subdivisions (a) and (b) shall not apply to any person granted confidentiality upon receipt by the county elections official of a written notice by the address confidentiality program manager of the withdrawal, invalidation, expiration, or termination of the program participant's certification.

(e) This section shall remain in effect only until January 1, 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. 2. Section 1.5 of this bill incorporates amendments to Section 2166.5 of the Elections Code proposed by both this bill and AB 1243. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 2166.5 of the Elections Code, and (3) this bill is enacted after AB 1243, in which case Section 1 of this bill shall not become operative.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution 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 235

An act to amend Section 23001 of the Financial Code, relating to deferred deposit transactions.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 23001 of the Financial Code is amended to read:

23001. As used in this division, the following terms have the following meanings:

(a) "Deferred deposit transaction" means a transaction whereby a person defers depositing a customer's personal check until a specific date, pursuant to a written agreement for a fee or other charge, as provided in Section 23035.

(b) "Commissioner" means the Commissioner of Corporations.

(c) "Department" means the Department of Corporations.

(d) "Licensee" means any person who offers, originates, or makes a deferred deposit transaction, who arranges a deferred deposit transaction

for a deferred deposit originator, who acts as an agent for a deferred deposit originator, or who assists a deferred deposit originator in the origination of a deferred deposit transaction. However, "licensee" does not include a state or federally chartered bank, thrift, savings association, industrial loan company, or credit union. "Licensee" also does not include a retail seller engaged primarily in the business of selling consumer goods, including consumables, to retail buyers that cashes checks or issues money orders for a minimum fee not exceeding two dollars (\$2) as a service to its customers that is incidental to its main purpose or business. "Licensee" also does not include an employee regularly employed by a licensee at the licensee's place of business. An employee, when acting under the scope of the employee's employment, shall be exempt from any other law from which the employee's employer is exempt.

(e) "Person" means an individual, a corporation, a partnership, a limited liability company, a joint venture, an association, a joint stock company, a trust, an unincorporated organization, a government entity, or a political subdivision of a government entity.

(f) "Deferred deposit originator" means a person who offers, originates, or makes a deferred deposit transaction.

CHAPTER 236

An act to amend Sections 11500, 11501, 11502, 11502.5, 11504, 11505, and 11506 of the Business and Professions Code, relating to common interest developments.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

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

(a) There are approximately 41,000 common interest developments in this state. California common interest developments contain over 10 million homes that house more than 10 million people.

(b) Homes in common interest developments, like homes that are not in common interest developments, most often represent the owner's single largest lifetime investment.

(c) The management and operation of common interest developments is governed by a complex set of statutes and decisional law. In addition to possessing an understanding of the law, the successful professional

common interest development management and operation of common interest developments require fundamental skills in subjects including, but not limited to, finance, accounting, bookkeeping, contract administration, human resources, and parliamentary procedure.

(d) Common interest development managers are often delegated the authority, by the governing body of a common interest development, to collect and disburse substantial sums of money annually in homeowner assessments, which are used for the purpose of operating the community.

(e) The growth in common interest developments, coupled with the addition of governing statutes and decisional law, has emphasized the importance for common interest development managers to have the necessary skills and technical expertise to manage these associations.

(f) Individuals managing common interest developments who have these skills and expertise may identify themselves as “certified,” if they have met the requirements of Section 11502 of the Business and Professions Code.

(g) Since the enactment of the certification law in 2003, voluntary certification has tripled, resulting in a significant increase in the number of educated professional community managers.

(h) Residents of common interest developments in this state who serve as board members of those developments should be made aware that those managers who refer to themselves as “certified community managers” have met specific educational requirements and standards.

SEC. 2. Section 11500 of the Business and Professions Code is amended to read:

11500. For purposes of this chapter, the following definitions apply:

(a) “Common interest development” means a residential development identified in subdivision (c) of Section 1351 of the Civil Code.

(b) “Association” has the same meaning as defined in subdivision (a) of Section 1351 of the Civil Code.

(c) “Financial services” means acts performed or offered to be performed, for compensation, for an association, including, but not limited to, the preparation of internal unaudited financial statements, internal accounting and bookkeeping functions, billing of assessments, and related services.

(d) “Management services” means acts performed or offered to be performed in an advisory capacity for an association including, but not limited to, the following:

(1) Administering or supervising the collection, reporting, and archiving of the financial or common area assets of an association or common interest development, at the direction of the association’s board of directors.

(2) Implementing resolutions and directives of the board of directors of the association elected to oversee the operation of a common interest development.

(3) Implementing provisions of governing documents, as defined in Section 1351 of the Civil Code, that govern the operation of the common interest development.

(4) Administering association contracts, including insurance contracts, within the scope of the association's duties or with other common interest development managers, vendors, contractors, and other third-party providers of goods and services to an association or common interest development.

(e) "Professional association for common interest development managers" means an organization that meets all of the following:

(1) Has at least 200 members or certificants who are common interest development managers in California.

(2) Has been in existence for at least five years.

(3) Operates pursuant to Section 501(c) of the Internal Revenue Code.

(4) Certifies that a common interest development manager has met the criteria set forth in Section 11502 without requiring membership in the association.

(5) Requires adherence to a code of professional ethics and standards of practice for certified common interest development managers.

SEC. 3. Section 11501 of the Business and Professions Code is amended to read:

11501. (a) "Common interest development manager" means an individual who for compensation, or in expectation of compensation, provides or contracts to provide management or financial services, or represents himself or herself to act in the capacity of providing management or financial services to an association. Notwithstanding any other provision of law, an individual may not be required to obtain a real estate or broker's license in order to perform the services of a common interest development manager to an association.

(b) "Common interest development manager" also means any of the following:

(1) An individual who is a partner in a partnership, a shareholder or officer in a corporation, or who, in any other business entity acts in a capacity to advise, supervise, and direct the activity of a registrant or provisional registrant, or who acts as a principal on behalf of a company that provides the services of a common interest development manager.

(2) An individual operating under a fictitious business name who provides the services of a common interest development manager.

This section may not be construed to require an association to hire for compensation a common interest development manager, unless required

to do so by its governing documents. Nothing in this part shall be construed to supersede any law that requires a license, permit, or any other form of registration, to provide management or financial services. Nothing in this section shall preclude a licensee of the California Board of Accountancy from providing financial services to an association within the scope of his or her license in addition to the preparation of reviewed and audited financial statements and the preparation of the association's tax returns.

SEC. 4. Section 11502 of the Business and Professions Code is amended to read:

11502. In order to be called a "certified common interest development manager," a person shall meet one of the following requirements:

(a) Prior to July 1, 2003, has passed a knowledge, skills, and aptitude examination as specified in Section 11502.5 or has been granted a certification or a designation by a professional association for common interest development managers, and who has, within five years prior to July 1, 2004, received instruction in California law pursuant to paragraph (1) of subdivision (b).

(b) On or after July 1, 2003, has successfully completed an educational curriculum that shall be no less than a combined 30 hours in coursework described in this subdivision and passed an examination or examinations that test competence in common interest development management in the following areas:

(1) The law that relates to the management of common interest developments, including, but not limited to, the following courses of study:

(A) Topics covered by the Davis-Stirling Common Interest Development Act, contained in Title 6 (commencing with Section 1350) of Part 4 of Division 2 of the Civil Code, including, but not limited to, the types of California common interest developments, disclosure requirements pertaining to common interest developments, meeting requirements, financial reporting requirements, and member access to association records.

(B) Personnel issues, including, but not limited to, general matters related to independent contractor or employee status, the laws on harassment, the Unruh Civil Rights Act, the California Fair Employment and Housing Act, and the Americans with Disabilities Act.

(C) Risk management, including, but not limited to, insurance coverage, maintenance, operations, and emergency preparedness.

(D) Property protection for associations, including, but not limited to, pertinent matters relating to environmental hazards such as asbestos, radon gas, and lead-based paint, the Vehicle Code, local and municipal regulations, family day care facilities, energy conservation, Federal

Communications Commission rules and regulations, and solar energy systems.

(E) Business affairs of associations, including, but not limited to, necessary compliance with federal, state, and local law.

(F) Basic understanding of governing documents, codes, and regulations relating to the activities and affairs of associations and common interest developments.

(2) Instruction in general management that is related to the managerial and business skills needed for management of a common interest development, including, but not limited to, the following:

(A) Finance issues, including, but not limited to, budget preparation; management; administration or supervision of the collection, reporting, and archiving of the financial or common area assets of an association or common interest development; bankruptcy laws; and assessment collection.

(B) Contract negotiation and administration.

(C) Supervision of employees and staff.

(D) Management of maintenance programs.

(E) Management and administration of rules, regulations, and parliamentary procedures.

(F) Management and administration of architectural standards.

(G) Management and administration of the association's recreational programs and facilities.

(H) Management and administration of owner and resident communications.

(I) Training and strategic planning for the association's board of directors and its committees.

(J) Implementation of association policies and procedures.

(K) Ethics, professional conduct, and standards of practice for common interest development managers.

(L) Current issues relating to common interest developments.

(M) Conflict avoidance and resolution mechanisms.

SEC. 5. Section 11502.5 of the Business and Professions Code is amended to read:

11502.5. The course related competency examination or examinations and education provided to a certified common interest development manager pursuant to Section 11502 by any professional association for common interest development managers, or any postsecondary educational institution, shall be developed and administered in a manner consistent with standards and requirements set forth by the American Educational Research Association's "Standards for Educational and Psychological Testing," and the Equal Employment Opportunity Commission's "Uniform Guidelines for Employee Selection Procedures,"

the Unruh Civil Rights Act, the California Fair Employment and Housing Act, and the Americans with Disabilities Act of 1990, or the course or courses that have been approved as a continuing education course or an equivalent course of study pursuant to the regulations of the Real Estate Commissioner.

SEC. 6. Section 11504 of the Business and Professions Code is amended to read:

11504. On or before September 1, 2003, and annually thereafter, a person who either provides or contemplates providing the services of a common interest development manager to an association shall disclose to the board of directors of the association the following information:

(a) Whether or not the common interest development manager has met the requirements of Section 11502 so he or she may be called a certified common interest development manager.

(b) The name, address, and telephone number of the professional association that certified the common interest development manager, the date the manager was certified, and the status of the certification.

(c) The location of his or her primary office.

(d) Prior to entering into or renewing a contract with an association, the common interest development manager shall disclose to the board of directors of the association or common interest development whether the fidelity insurance of the common interest development manager or his or her employer covers the current year's operating and reserve funds of the association. This requirement shall not be construed to compel an association to require a common interest development manager to obtain or maintain fidelity insurance.

(e) Whether the common interest development manager possesses an active real estate license.

This section may not preclude a common interest development manager from disclosing information as required in Section 1363.1 of the Civil Code.

SEC. 7. Section 11505 of the Business and Professions Code is amended to read:

11505. It is an unfair business practice for a common interest development manager, a company that employs the common interest development manager, or a company that is controlled by a company that also has a financial interest in a company employing that manager, to do any of the following:

(a) On or after July 1, 2003, to hold oneself out or use the title of "certified common interest development manager" or any other term that implies or suggests that the person is certified as a common interest development manager without meeting the requirements of Section 11502.

(b) To state or advertise that he or she is certified, registered, or licensed by a governmental agency to perform the functions of a certified common interest development manager.

(c) To state or advertise a registration or license number, unless the license or registration is specified by a statute, regulation, or ordinance.

(d) To fail to comply with any item to be disclosed in Section 11504 of this code, or Section 1363.1 of the Civil Code.

SEC. 8. Section 11506 of the Business and Professions Code is amended to read:

11506. This part shall be subject to the review required by Division 1.2 (commencing with Section 473). This part shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2012, deletes or extends that date.

CHAPTER 237

An act to amend Sections 17210.2, 17346, 17406, and 17600 of, and to add Sections 17421.5 and 17425 to, the Financial Code, relating to escrow agents.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 17210.2 of the Financial Code is amended to read:

17210.2. (a) No escrow agent shall disseminate, or cause or permit to be disseminated, in any manner whatsoever, any statement or representation which is false, misleading, or deceptive, or which omits to state material information, or which refers to the supervision of that agent by the State of California or any department or official thereof.

(b) A licensed escrow agent, in referring to the corporation's licensure under this law in any written or printed communication or any communication by means of recorded telephone messages or spoken on radio, television, or similar communications media, shall include the following statement: "This escrow company holds California Department of Corporations Escrow License No. ____."

(c) The commissioner may order any person to desist from any conduct which the commissioner finds to be a violation of this section.

SEC. 2. Section 17346 of the Financial Code is amended to read:

17346. (a) Fidelity Corporation and its members shall not advertise, print, display, publish, distribute, or broadcast, or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast, in any manner any statement or representation with regard to a guarantee of trust obligations in their advertisements that is false or misleading or calculated to deceive or misinform the public. Any statement or representation with regard to a guarantee of trust obligations, except the statement set forth in subdivision (b), shall be reviewed and approved by the commissioner prior to its use.

(b) Any advertising referring to Fidelity Corporation shall state in a clear and conspicuous manner, the following statement:

“MEMBER OF ESCROW AGENTS’ FIDELITY CORPORATION (EAFC). EAFC PROVIDES FIDELITY COVERAGE TO ITS MEMBERS. EAFC IS NOT A GOVERNMENT AGENCY, AND THERE IS NO GUARANTEE OF A PAYMENT OF ANY CLAIM BY THE STATE OF CALIFORNIA.”

(c) Neither Fidelity Corporation nor its members shall advertise that trust obligations of escrow agents are “protected,” “guaranteed,” “insured,” or use words to that effect.

SEC. 3. Section 17406 of the Financial Code is amended to read:

17406. (a) Each licensee shall submit to the commissioner, at the licensee’s own expense, an audit report containing audited financial statements covering the calendar year or, if the licensee has an established fiscal year, then for that fiscal year, within 105 days after the close of the calendar or fiscal year, as applicable. At that time, each licensee shall also file additional relevant information as the commissioner may require.

(b) Within 30 days after receipt of a request from the commissioner, a licensee or other person subject to this division shall submit to the commissioner, at the person’s own expense, an audit report containing audited financial statements covering the 12 calendar months next preceding the month of receipt of the request, or for another period as the commissioner may require. Unless the public interest shall otherwise require, the commissioner shall exempt a licensee from the provisions of subdivision (a) in whole or in part if the licensee has complied with a request pursuant to this subdivision as of a date within the calendar or fiscal year for which the exemption is granted.

(c) A licensee whose license has been revoked shall submit to the commissioner, at its own expense, on or before 105 days after the effective date of the revocation, a closing audit report as of that effective date, or for another period as the commissioner may specify. The report shall include the information specified by the commissioner. A licensee who has complied with this subdivision is exempt from subdivision (a) of this section.

(d) The reports and financial statements referred to in subdivisions (a) and (b) shall include at least a balance sheet and a statement of income for the year ended on the balance sheet date together with other relevant information as the commissioner may require. The reports and financial statements referred to in subdivisions (a), (b), and (c) shall be prepared in accordance with generally accepted accounting principles, and shall be accompanied by a report, certificate, or opinion of, an independent certified public accountant or independent public accountant. The audits shall be conducted in accordance with generally accepted auditing standards and the rules of the commissioner.

(e) A licensee shall make other special reports to the commissioner as the commissioner may from time to time require.

(f) For good cause and upon written request, the commissioner may extend the time for compliance with subdivisions (a) and (b).

(g) A licensee shall, when requested by the commissioner, submit its unaudited financial statements, prepared in accordance with generally accepted accounting principles and consisting of at least a balance sheet and statement of income and expense as of the date and for the period specified by the commissioner. The commissioner may require the submission of these reports on a monthly or other periodic basis.

(h) If the report, certificate, or opinion of the independent accountant referred to in subdivision (d) is in any way qualified, the commissioner may require the licensee to take action as he or she deems appropriate to permit an independent accountant to remove the qualifications from the report, certificate, or opinion.

(i) The commissioner may reject any financial statement, report, certificate, or opinion by notifying the licensee or other person required to make the filing of its rejection and the cause of the rejection. Within 30 days after the receipt of the notice, the licensee or other person shall correct the deficiency and the failure so to do shall be deemed a violation of this division. The commissioner shall retain a copy of all rejected filings.

(j) The commissioner may make rules specifying the form and content of the reports and financial statements referred to in this section, and may require that those reports and financial statements be verified by the licensee in the manner as he or she may prescribe.

(k) Upon completion of the reports and financial statements referred to in subdivisions (a), (b), and (c), the independent accountant shall submit to the commissioner complete copies of the reports and financial statements at the same time that copies of the reports and financial statements are submitted to the licensee.

SEC. 4. Section 17421.5 is added to the Financial Code, to read:

17421.5. (a) Notwithstanding Section 17420, a licensee may charge a fee for administering an escrow that has been postponed for at least two months from the most recent closing date agreed upon by the parties in the written instructions or has been canceled if all of the following requirements are met:

(1) The postponement or cancellation resulted from the acts or omissions of the parties to the escrow transaction.

(2) The fee was disclosed in the written instructions in not less than 8-point bold type on the face or front page of the instructions.

(3) The principal parties to the escrow transaction have executed the written fee instructions by initialing those instructions.

(b) This section shall apply to written instructions made on and after January 1, 2008.

SEC. 5. Section 17425 is added to the Financial Code, to read:

17425. Any person subject to this division or any director, stockholder, trustee, officer, agent, or employee of that person who violates any provision of the federal Real Estate Settlement Procedures Act, as amended (12 U.S.C. Sec. 2601 et seq.), or any regulation promulgated thereunder, violates this division.

SEC. 6. Section 17600 of the Financial Code is amended to read:

17600. (a) An escrow agent's license remains in effect until surrendered, revoked, or suspended.

(b) A licensee that ceases to engage in the business regulated by this division and desires to no longer be licensed shall notify the commissioner in writing and, at that time, tender the license and all other indicia of licensure to the commissioner. Within 105 days of the written notice to the commissioner, the licensee shall submit to the commissioner, at its own expense, a closing audit report as of the date the license is tendered to the commissioner for surrender, or for another period as the commissioner may specify, to be performed by an independent certified public accountant. The closing audit shall include, but not be limited to, information required by the commissioner, a bank reconciliation of the trust account, and a verified statement from a certified public accountant confirming lawful disbursement of funds. A license is not surrendered until the commissioner has reviewed and accepted the closing audit report, a determination has been made by the commissioner that there is no violation of this law, and tender of the license is accepted in writing by the commissioner.

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 238

An act to amend Section 23701d of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 23701d of the Revenue and Taxation Code is amended to read:

23701d. (a) A corporation, community chest or trust, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involved the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation, (except as otherwise provided in Section 23704.5), and which does not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. An organization is not organized exclusively for exempt purposes listed above unless its assets are irrevocably dedicated to one or more purposes listed in this section. Dedication of assets requires that in the event of dissolution of an organization or the impossibility of performing the specific organizational purposes the assets would continue to be devoted to exempt purposes. Assets shall be deemed irrevocably dedicated to exempt purposes if the articles of organization provide that upon dissolution the assets will be distributed to an organization which is exempt under this section or Section 501(c)(3) of the Internal Revenue Code or to the federal government, or to a state or local government for public purposes; or by a provision in the articles of organization, satisfactory to the Franchise Tax Board; that the property will be distributed in trust for exempt purposes; or by establishing that the assets are irrevocably dedicated to exempt purposes by operation of law. The

irrevocable dedication requirement shall not be a sole basis for revocation of an exempt determination made by the Franchise Tax Board prior to the effective date of this amendment.

(b) (1) In the case of a qualified amateur sports organization—

(A) The requirement of subdivision (a) that no part of its activities involves the provision of athletic facilities or equipment shall not apply.

(B) That organization shall not fail to meet the requirements of subdivision (a) merely because its membership is local or regional in nature.

(2) For purposes of this subdivision, “qualified amateur sports organization” means any organization organized and operated exclusively to foster national or international amateur sports competition if that organization is also organized and operated primarily to conduct national or international competition in sports or to support and develop amateur athletes for national or international competition in sports.

(c) (1) Notwithstanding subdivisions (a), (b), and (c) of Section 23701, an organization organized and operated for nonprofit purposes in accordance with this section shall be exempt from taxes imposed by this part, except as provided in this article or in Article 2 (commencing with Section 23731), upon its submission to the Franchise Tax Board of a copy of the notification issued by the Internal Revenue Service approving the organization’s tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code. The effective date of an organization’s tax-exempt status for state income tax purposes pursuant to this subdivision shall be no later than the effective date of the organization’s tax-exempt status, under Section 501(c)(3) of the Internal Revenue Code, for federal income tax purposes.

(2) If, for federal income tax purposes, an organization’s tax-exempt status under Section 501(c)(3) of the Internal Revenue Code is suspended or revoked, the organization shall notify the Franchise Tax Board of the suspension or revocation, in the form and manner prescribed by the Franchise Tax Board. Upon notification, the board shall suspend or revoke, whichever is applicable, for state income tax purposes, an organization’s tax-exempt status granted pursuant to paragraph (1) of this subdivision.

(3) This subdivision shall not be construed to prevent the Franchise Tax Board from revoking the exemption of an organization that is not organized or operated in accordance with this chapter or Section 501(c)(3) of the Internal Revenue Code.

(d) The Franchise Tax Board may prescribe rules and regulations to implement this section.

SEC. 2. This act shall apply to requests for tax-exempt status in California filed by organizations with the Franchise Tax Board on or after January 1, 2008.

SEC. 3. The Legislature finds and declares that the enactment of this act and the retroactive application provided by Section 1 of this act are necessary for the public purpose of providing relief under California law to certain nonprofit organizations that qualify as tax-exempt for federal income tax purposes and are seeking to obtain tax-exempt status in California by eliminating the requirement to file a separate application with the Franchise Tax Board for those organizations that have received a federal determination letter, and thus, streamlining the process of obtaining the tax-exempt status for state income tax purposes, and ensuring that every eligible organization qualifies for this new process regardless of whether the organization receives a federal determination letter before or after January 1, 2008.

CHAPTER 239

An act to amend Section 829 of the Public Utilities Code, relating to public utilities.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 829 of the Public Utilities Code is amended to read:

829. (a) This article shall 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 or other public corporations primarily for resale or use in serving the public or any portion thereof. This article shall apply to any 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) (1) Except for Section 828, a telephone corporation that is not regulated under a rate-of-return regulatory structure is exempt from this article. This subdivision does not exempt a telephone corporation that is also an electrical corporation or a gas corporation, unless the commission determines the telephone corporation is exempt pursuant to subdivision (c). As used in this subdivision, a “rate-of-return regulatory

structure” means a system under which the rates and charges of the telephone corporation are limited by a maximum permissible price that may be charged for a specific service. Telephone corporations regulated by a framework under which they may exercise pricing flexibility for all or most of the services offered are not regulated under a rate-of-return regulatory structure.

(2) Notwithstanding paragraph (1), the commission may impose any requirement of this article on a telephone corporation if the commission finds, in a proceeding in which the telephone corporation is or may become a party, that the application of any provision of this article is required by the public interest.

(c) The commission may from time to time by order or rule, and subject to such 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 to such public utility or class of public utility is not necessary in the public interest.

CHAPTER 240

An act to amend Sections 7069, 7083.1, and 7153.1 of the Business and Professions Code, relating to contractors.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 7069 of the Business and Professions Code is amended to read:

7069. (a) An applicant, and each officer, director, partner, associate, and responsible managing employee thereof, shall not have committed acts or crimes that are grounds for denial of licensure under Section 480.

(b) As part of an application for a contractor’s license, the board shall require an applicant to furnish a full set of fingerprints for purposes of conducting a criminal history record check. Fingerprints furnished pursuant to this subdivision shall be submitted in an electronic format if readily available. Requests for alternative methods of furnishing fingerprints are subject to the approval of the registrar. The board shall use the fingerprints furnished by an applicant to obtain criminal history information on the applicant from the Department of Justice and the United States Federal Bureau of Investigation, and the board may obtain any subsequent arrest information that is available.

SEC. 2. Section 7083.1 of the Business and Professions Code is amended to read:

7083.1. A licensee whose license is expired or suspended, and is renewable under Section 7141, or whose license is canceled, shall notify the registrar in writing of a change of address of record within 90 days, and shall maintain a current address of record during the five-year period immediately following the expiration or cancellation of the license.

SEC. 3. Section 7153.1 of the Business and Professions Code is amended to read:

7153.1. (a) The home improvement salesperson shall submit to the registrar an application in writing containing the statement that he or she desires the issuance of a registration under the terms of this article.

The application shall be made on a form prescribed by the registrar and shall be accompanied by the fee fixed by this chapter.

(b) The registrar may refuse to register the applicant under the grounds specified in Section 480.

(c) As part of an application for a home improvement salesperson, the board shall require an applicant to furnish a full set of fingerprints for purposes of conducting criminal history record checks. Fingerprints furnished pursuant to this subdivision shall be submitted in an electronic format where readily available. Requests for alternative methods of furnishing fingerprints are subject to the approval of the registrar. The board shall use the fingerprints furnished by an applicant to obtain criminal history information on the applicant from the Department of Justice and the United States Federal Bureau of Investigation, including any subsequent arrest information available.

CHAPTER 241

An act to amend Section 538d of the Penal Code, relating to peace officers.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 538d of the Penal Code is amended to read:

538d. (a) Any person other than one who by law is given the authority of a peace officer, who willfully wears, exhibits, or uses the authorized uniform, insignia, emblem, device, label, certificate, card, or writing, of a peace officer, with the intent of fraudulently impersonating

a peace officer, or of fraudulently inducing the belief that he or she is a peace officer, is guilty of a misdemeanor.

(b) (1) Any person, other than the one who by law is given the authority of a peace officer, who willfully wears, exhibits, or uses the badge of a peace officer with the intent of fraudulently impersonating a peace officer, or of fraudulently inducing the belief that he or she is a peace officer, is guilty of a misdemeanor punishable by imprisonment in a county jail not to exceed one year, by a fine not to exceed two thousand dollars (\$2,000), or by both that imprisonment and fine.

(2) Any person who willfully wears or uses any badge that falsely purports to be authorized for the use of one who by law is given the authority of a peace officer, or which so resembles the authorized badge of a peace officer as would deceive any ordinary reasonable person into believing that it is authorized for the use of one who by law is given the authority of a peace officer, for the purpose of fraudulently impersonating a peace officer, or of fraudulently inducing the belief that he or she is a peace officer, is guilty of a misdemeanor punishable by imprisonment in a county jail not to exceed one year, by a fine not to exceed two thousand dollars (\$2,000), or by both that imprisonment and fine.

(c) Any person who willfully wears, exhibits, or uses, or who willfully makes, sells, loans, gives, or transfers to another, any badge, insignia, emblem, device, or any label, certificate, card, or writing, which falsely purports to be authorized for the use of one who by law is given the authority of a peace officer, or which so resembles the authorized badge, insignia, emblem, device, label, certificate, card, or writing of a peace officer as would deceive an ordinary reasonable person into believing that it is authorized for the use of one who by law is given the authority of a peace officer, is guilty of a misdemeanor, except that any person who makes or sells any badge under the circumstances described in this subdivision is subject to a fine not to exceed fifteen thousand dollars (\$15,000).

(d) (1) Vendors of law enforcement uniforms shall verify that a person purchasing a uniform identifying a law enforcement agency is an employee of the agency identified on the uniform. Presentation and examination of a valid identification card with a picture of the person purchasing the uniform and identification, on the letterhead of the law enforcement agency, of the person buying the uniform as an employee of the agency identified on the uniform shall be sufficient verification.

(2) Any uniform vendor who sells a uniform identifying a law enforcement agency, without verifying that the purchaser is an employee of the agency, is guilty of a misdemeanor, punishable by a fine of not more than one thousand dollars (\$1,000).

(3) This subdivision shall not apply if the uniform is to be used solely as a prop for a motion picture, television, video production, or a theatrical event, and prior written permission has been obtained by the identified law enforcement agency.

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 242

An act to amend Sections 1800.5, 1801, 1807, 1809, 1819, and 1821 of, to add Sections 1803.1, 1803.2, 1803.3, 1803.4, 1803.6, 1816.1, 1816.2, 1816.3, 1816.4, 1816.5, 1816.6, 1816.7, 1816.8, and 1819.5 to, to repeal Sections 1805 and 1805.5 of, and to repeal and add Section 1803.5 of, the Financial Code, relating to money transmission.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 1800.5 of the Financial Code is amended to read:

1800.5. For the purposes of this chapter:

(a) (1) "Receiving money for transmission" means receiving money for the purpose of transmitting the same or its equivalent to foreign countries.

(2) Except as otherwise provided in paragraph (3), "receiving money for transmission" does not include selling any check, draft, money order, travelers check, or other instrument (whether or not negotiable) for the transmission or payment of money.

(3) "Receiving money for transmission" includes the sale by a person, either directly or indirectly through an agent, of any check or draft which:

- (A) Is drawn by the person;
- (B) Is drawn on, or is payable through or at, an office of a bank located in a foreign country;
- (C) Is denominated in a foreign currency; and

(D) Is not designated on its face by the term “money order” or “travelers check” or by any substantially similar term.

(b) “Transmission money” means money received in this state by a licensee for transmission to a foreign country, or any equivalent into which the money is converted, from the time the money is received for transmission to a foreign country until the time the transmission of the money in accordance with the agreement of the licensee with the customer is completed, or, if the transmission is not completed, until such time as the money is repaid to the customer.

(c) “Agent” means any person in this state whom a licensee has appointed as its agent with authority to receive transmission money on behalf of the licensee, provided that the licensee becomes liable for the transmission of the transmission money from the time when the transmission money is received by the person. However, “agent” does not include any officer or employee of the licensee when acting as such at an office of a licensee.

(d) “Licensee” means any corporation licensed pursuant to this chapter.

(e) For the purposes of Section 1802.2, 1803.5, and 1804 the following terms shall have the following meanings:

(1) “Control” has the meaning set forth in Section 700.

(2) “Officer” has the meaning set forth in Section 33057.

(f) “Branch office” means any office in this state, other than the headquarters office of a licensee or agent, at which the licensee receives money for transmission to a foreign country, either directly or through an agent.

SEC. 2. Section 1801 of the Financial Code is amended to read:

1801. (a) Fees shall be paid to, and collected by, the commissioner, as follows:

(1) The fee for filing with the commissioner an application for a license is five thousand dollars (\$5,000).

(2) The fee for filing with the commissioner an application for approval to acquire control of a licensee is three thousand five hundred dollars (\$3,500).

(3) A licensee shall pay to the commissioner annually on or before July 1, a licensee fee of two thousand five hundred dollars (\$2,500).

(4) A licensee shall pay to the commissioner annually on or before July 1, one hundred twenty-five dollars (\$125) for each licensee branch office.

(5) A licensee shall pay to the commissioner annually on or before July 1, twenty-five dollars (\$25) for each agent headquarter office and each agent branch office.

(6) Whenever the commissioner examines a licensee or any agent of a licensee, the licensee shall pay, within 10 days after receipt of a statement from the commissioner, a fee of seventy-five dollars (\$75) per hour for each examiner engaged in the examination plus, if it is necessary for any examiner engaged in the examination to travel outside this state, the travel expenses of the examiner.

(b) (1) Each fee for filing an application with the commissioner shall be paid at the time the application is filed with the commissioner.

(2) No fee for filing an application with the commissioner shall be refundable, regardless of whether the application is approved, denied, or withdrawn.

SEC. 3. Section 1803.1 is added to the Financial Code, to read:

1803.1. (a) No licensee shall appoint any person as an agent unless it has conducted a review of the proposed agent's fitness to act as an agent and has determined that the proposed agent and any persons who control the proposed agent are of good character and sound financial standing.

(b) A licensee shall maintain records of this review for each agent while the agent is receiving transmission money on behalf of the licensee, and for three years after the relationship with the agent has terminated.

SEC. 4. Section 1803.2 is added to the Financial Code, to read:

1803.2. (a) Each licensee shall be liable as a principal for the transmission of the transmission money from the time when the transmission money is received by the agent.

(b) Each licensee shall exercise reasonable supervision over its agents to ensure compliance with applicable laws, rules, and regulations with respect to receiving transmission money.

SEC. 5. Section 1803.3 is added to the Financial Code, to read:

1803.3. (a) If, after notice and a hearing, the commissioner finds that an agent of a licensee or any director, officer, employee, or controlling person of that agent, or director, officer, or employee of that controlling person satisfies any of the factors set forth in paragraphs (1) to (7), inclusive, the commissioner may issue an order suspending or barring that agent from continuing to be or becoming an agent of any licensee during the period for which that order is in effect:

(1) Violated any provision of this chapter or any regulation or order issued under this chapter.

(2) Engaged or participated in any unsafe or unsound act with respect to the business of receiving transmission money.

(3) Is an agent of a licensee who, because of its operations and financial condition, is not competent to supervise and monitor the agent.

(4) Is not of good character or of sound financial standing.

(5) Is not competent to engage in the business of receiving money for transmission.

(6) Will not comply with all applicable provisions of this chapter and of any regulation or order issued under this chapter.

(7) Has made or caused to be made in any application or report filed with the commissioner or in any proceeding before the commissioner, any statement that was, at the time and in the light of the circumstances under which it was made, false or misleading with respect to any material fact, or has omitted to state in any such application or report any material fact that is required to be stated therein.

(b) If applicable, the commissioner may disclose to the licensee criminal history information upon which an order is based.

(c) If the commissioner finds that any of the factors set forth in subdivision (a) is true with respect to any agent and that it is necessary for the protection of the public interest, the commissioner may issue an order immediately suspending or barring that agent from continuing to be or becoming an agent of any licensee during the period for which that order is in effect.

(d) (1) Within 30 days after an order is issued pursuant to subdivision (c), the licensee or the agent or former agent with respect to whom the order was issued may file with the commissioner an application for a hearing on the order.

(2) Within 30 days after the hearing, the commissioner shall affirm, modify, or rescind the order.

(3) The right of the licensee or agent or former agent to petition for judicial review of the order shall not be affected by the failure of that person to apply to the commissioner for a hearing on the order pursuant to this subdivision.

SEC. 6. Section 1803.4 is added to the Financial Code, to read:

1803.4. (a) The licensee or the agent or former agent with respect to whom an order has been issued under Section 1803.3 may apply to the commissioner to modify or rescind the order. The commissioner shall not grant an application to modify or rescind the order unless the commissioner finds that it is in the public interest to do so and the commissioner reasonably believes that person will, if and when that person becomes an agent, comply with all applicable provisions of this chapter and any regulations, rules, and orders issued under this chapter.

(b) The right of the licensee or the agent or former agent to petition for judicial review of the order shall not be affected by the failure of that person to apply to the commissioner pursuant to subdivision (a) to modify or rescind the order.

SEC. 7. Section 1803.5 of the Financial Code is repealed.

SEC. 8. Section 1803.5 is added to the Financial Code, to read:

1803.5. (a) Any licensee, having as an agent any person to whom an order has been issued pursuant to Section 1803.3 shall, when that order becomes effective, immediately suspend or terminate that person as an agent.

(b) No person, with respect to whom an order issued under Section 1803.3 is in effect, shall become or continue to be an agent of any licensee.

SEC. 9. Section 1803.6 is added to the Financial Code, to read:

1803.6. An agent of a licensee shall not appoint a subagent to receive transmission money.

SEC. 10. Section 1805 of the Financial Code is repealed.

SEC. 11. Section 1805.5 of the Financial Code is repealed.

SEC. 12. Section 1807 of the Financial Code is amended to read:

1807. (a) The commissioner may by order or regulation grant exemptions from this section in cases where the commissioner finds that the requirements of this section are not necessary.

(b) Each licensee shall, within 90 days after the end of each fiscal year, or within such extended time as the commissioner may prescribe, file with the commissioner an audit report for the fiscal year.

(c) The audit report called for in subdivision (b) shall comply with all of the following provisions:

(1) The audit report shall contain such audited financial statements of the licensee for or as of the end of the fiscal year prepared in accordance with generally accepted accounting principles and such other information as the commissioner may require.

(2) The audit report shall be based upon an audit of the licensee conducted in accordance with generally accepted auditing standards and such other requirements as the commissioner may prescribe.

(3) The audit report shall be prepared by an independent certified public accountant or independent public accountant who is not unsatisfactory to the commissioner.

(4) The audit report shall include or be accompanied by a certificate of opinion of the independent certified public accountant or independent public accountant that is satisfactory in form and content to the commissioner. If the certificate or opinion is qualified, the commissioner may order the licensee to take such action as the commissioner may find necessary to enable the independent or certified public accountant or independent public accountant to remove the qualification.

(d) Each licensee shall, not more than 45 days after the end of each quarter (except the fourth quarter of its fiscal year), or within a longer period as the commissioner may by regulation or order specify, file with the commissioner a report containing all of the following:

(1) Financial statements, including balance sheet, income statement, statement of changes in shareholders' equity, and statement of cashflows, for, or as of the end of, that fiscal quarter, verified by two of the licensee's principal officers. The verification shall state that each of the officers making the verification has a personal knowledge of the matters in the report and that each of them believes that each statement on the report is true.

(2) Other information as the commissioner may by regulation or order require.

(e) Each licensee, not more than 45 days after the end of each calendar year quarter, shall file with the commissioner a report containing all of the following:

(1) The current address of each branch office of the licensee in this state. If a branch office was opened or closed during the calendar year quarter, the date it was opened or closed. If a branch office was relocated during the calendar year quarter, the addresses of the old and new locations and the date of relocation for each new location.

(2) The name of each person who acted as an agent of the licensee during the calendar year quarter and the address for each location at which the agent received transmission money. If a person was appointed or terminated as an agent during the calendar year quarter, the date of appointment or termination. If an agent relocated, the addresses for the old and new agent locations and the date of relocation.

(3) The total volume of transmission money received in the calendar year quarter, the average daily transmission liability for the quarter, and a schedule of each foreign country to which transmission money was sent along with the total amount of transmission money sent to that foreign country in that calendar year quarter.

(4) Other information as the commissioner may by regulation or order require.

(f) Each licensee shall file with the commissioner other reports as and when the commissioner may by regulation or order require.

SEC. 13. Section 1809 of the Financial Code is amended to read:

1809. (a) (1) Each licensee shall file with the commissioner a certified copy of every receipt form used by it or by its agents for money received for transmission within 10 business days of its first use. No licensee or its agents shall use any receipt, a certified copy of which has not been filed with the commissioner or use a receipt that the commissioner has deemed not to be in compliance pursuant to paragraph (2).

(2) If the commissioner determines, within 10 business days of the filing date of a receipt, that the receipt does not comply with the requirements of this section or of Sections 1810.5 and 1815, the

commissioner shall notify the licensee in writing that the receipt is not in compliance with those requirements.

(b) Notwithstanding subdivision (a), before a new licensee issues its first receipt to a customer, it shall file with the commissioner a certified copy of the receipt forms to be used by it or its agents for money received for transmission. The new licensee shall not use the receipt forms until approved by the commissioner. For purposes of this subdivision, a new licensee is a licensee that has not been previously licensed by the commissioner as a money transmitter.

(c) If a receipt is required by this chapter to be in English and another language, the English version of the receipt shall govern any dispute concerning the terms of the receipt. However, any discrepancies between the English version and any other version due to the translation of the receipt from English to another language including errors or ambiguities shall be construed against the licensee or its agent and the licensee or its agent shall be liable for any damages caused by these discrepancies.

(d) Any licensee violating the requirements of this section shall be subject to a fine of fifty dollars (\$50) for each violation.

(e) If any licensee or its agent uses a receipt form, a certified copy of which has not been filed with the commissioner, the licensee shall be liable for the acts of its agents whether or not the licensee authorized the agent to use that form.

(f) The receipt form shall comply with the requirements of Sections 1810.5 and 1815.

SEC. 14. Section 1816.1 is added to the Financial Code, to read:

1816.1. For purposes of Sections 1816.2 to 1816.8, inclusive, the following definitions shall apply:

(a) "Eligible security" means any United States currency eligible security or foreign currency eligible security.

(b) "Eligible securities rating service" means any securities rating service that the commissioner has by regulation or order declared to be an eligible securities rating service pursuant to Section 1816.5.

(c) "Eligible rating," when used with respect to any security or class of securities and any eligible securities rating service, means any rating assigned to such security or class of securities by such eligible securities rating service which the commissioner has by regulation or order declared to be an eligible rating pursuant to Section 1816.6.

(d) "Foreign currency eligible security" means any of the following that is, or is denominated in, a foreign currency and that the commissioner has not by regulation or order declared to be ineligible pursuant to Section 1816.3:

(1) Any of the following that is of comparable quality to the United States currency eligible securities specified in paragraphs (1) to (7), inclusive, of subdivision (f):

(A) Cash.

(B) Any deposit in an office of a bank located in a foreign country.

(2) Any other security or class of securities that the commissioner has by regulation or order declared to be eligible securities pursuant to Section 1816.4.

(e) “Transmission money” has the same meaning set forth in subdivision (b) of Section 1800.5.

(f) “United States currency eligible security” means any of the following that is, or is denominated in, United States currency and that the commissioner has not by regulation or order declared to be ineligible pursuant to Section 1816.3:

(1) Cash.

(2) Any deposit in an insured bank, an insured savings and loan association, or an insured credit union.

(3) Any bond, note, or other obligation which is issued or guaranteed by the United States or by any agency of the United States.

(4) Any bond, note, or other obligation that is issued or guaranteed by any state of the United States or by any governmental agency of or within any state of the United States and that is assigned an eligible rating by an eligible securities rating service.

(5) Any bankers acceptance that is eligible for discount by a federal reserve bank.

(6) Any commercial paper that is assigned an eligible rating by an eligible securities rating service.

(7) Any bond, note, or other obligation or preferred stock that is assigned an eligible rating by an eligible securities rating service.

(8) Any share of an investment company that is an open-end management company, that is registered under the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-1 et seq.), that holds itself out to investors as a money market fund, and that operates in accordance with all provisions of the Investment Company Act of 1940 and of the regulations of the Securities and Exchange Commission applicable to money market funds, including Section 270.2a-7 of the regulations of the Securities and Exchange Commission (17 C.F.R. 270.2a-7).

For purposes of this paragraph and paragraph (9), “investment company,” “management company,” and “open-end” have the meanings set forth in Sections 3, 4, and 5, respectively, of the Investment Company Act of 1940 (12 U.S.C. Secs. 80a-3, 80a-4, and 80a-5, respectively).

(9) Any share of an investment company that is an open-end management company, that is registered under the Investment Company

Act of 1940 (12 U.S.C. Sec. 80a-1 et seq.), and that invests exclusively in securities that constitute United States currency eligible securities under this subdivision.

(10) Any account due to any licensee from any agent of the licensee on account of the receipt of transmission money by the agent, if the account is current and not past due or otherwise doubtful of collection.

(11) Any other security or class of securities that the commissioner has by regulation or order declared to be eligible securities pursuant to Section 1816.4.

(g) "Value" means the following:

(1) When used with respect to an eligible security owned by a licensee that consists of an account due to the licensee from an agent of the licensee on account of the receipt of transmission money by the agent, net carrying value as determined in conformity with generally accepted accounting principles. However, in computing the value of the account due to the licensee, any amount due on account of the receipt of transmission money by the agent shall be excluded if the time elapsed between the receipt of transmission money and the date of computation exceeds the average time that elapses between the time of receipt of transmission money and the time of payment of transmission money to the beneficiary.

(2) The following when used with respect to any other eligible security owned by a licensee:

(A) In case the practice and policy of the licensee is to hold eligible securities to maturity, net carrying value as determined in conformity with generally accepted accounting principles.

(B) In any other case, market value.

SEC. 15. Section 1816.2 is added to the Financial Code, to read:

1816.2. (a) For purposes of Sections 1816.3 to 1816.8, inclusive, a licensee shall be deemed to own an eligible security only if the following apply:

(1) The licensee owns the eligible security solely and exclusively in its own right, both of record and beneficially.

(2) The eligible security is not subject to any pledge, lien, or security interest.

(3) The licensee can freely negotiate, assign, or otherwise transfer the eligible security.

(b) Notwithstanding subdivision (a), no licensee shall be deemed not to own an eligible security solely on account of any of the following facts, provided that, but for such fact, the licensee would be deemed to own the eligible security under the provisions of subdivision (a):

(1) The fact that the eligible security is owned of record by a documented nominee of the licensee or by a securities depository which

is licensed under, or exempt from licensing under, Division 14 (commencing with Section 30000).

(2) The fact that the licensee has pledged the eligible security with the United States or any state of the United States to secure payment by the licensee of transmission money.

(3) The fact that pursuant to Section 1816 the eligible securities are owned beneficially by the persons from whom the licensee received transmission money.

SEC. 16. Section 1816.3 is added to the Financial Code, to read:

1816.3. If the commissioner finds that any eligible security or class of eligible securities is not of sufficient liquidity or quality to be eligible securities, the commissioner may by regulation or order declare the security or class of securities to be ineligible.

SEC. 17. Section 1816.4 is added to the Financial Code, to read:

1816.4. If the commissioner finds that any security or class of securities that is not an eligible security is of sufficient liquidity and quality to be an eligible security, the commissioner may by regulation or order declare the security or class of securities to be eligible securities.

SEC. 18. Section 1816.5 is added to the Financial Code, to read:

1816.5. The commissioner may by regulation or order declare a securities rating service to be an eligible securities rating service if the commissioner finds the following with respect to the securities rating service:

(a) It has been continuously engaged in the business of rating securities for a period of not less than three years.

(b) It is competent to rate securities and is nationally recognized for rating securities in a competent manner.

(c) It publishes its ratings of securities on a nationwide basis.

SEC. 19. Section 1816.6 is added to the Financial Code, to read:

1816.6. If the commissioner finds that a rating assigned to a class of securities by an eligible securities rating service indicates that the class of securities is of sufficient quality to be eligible securities, the commissioner may by regulation or order declare the rating to be an eligible rating.

SEC. 20. Section 1816.7 is added to the Financial Code, to read:

1816.7. Each licensee shall at all times own eligible securities having an aggregate value computed in accordance with generally accepted accounting principles of not less than the aggregate amount of all transmission money received by it.

SEC. 21. Section 1816.8 is added to the Financial Code, to read:

1816.8. (a) In computing for purposes of Section 1816.7 the aggregate value of eligible securities owned by a licensee, all of the following shall be excluded:

(1) The value of any eligible security if and to the extent that the value of the eligible security, when combined with the aggregate value of all other eligible securities owned by the licensee that are issued or guaranteed by the same person or by any affiliate of the same person by whom the eligible security is issued or guaranteed, exceeds 10 percent of the aggregate value of all eligible securities owned by the licensee.

(2) The portion of the aggregate value of all eligible securities of the type described in paragraph (10) of subdivision (f) of Section 1816.1 that exceeds 20 percent of the aggregate value of all eligible securities.

(b) Subdivision (a) shall not require the exclusion of the value of any of the following eligible securities, and each of the following eligible securities shall be exempted from the limitations of subdivision (a):

(1) The following United States currency eligible securities:

(A) Cash.

(B) Any deposit in an insured bank or an insured savings and loan association.

(C) Any bond, note, or other obligation for the payment of which the full faith and credit of the United States are pledged.

(2) Any eligible security that the commissioner, in view of the financial condition of the obligor or issuer and any other factors as may in the opinion of the commissioner be relevant, finds to be of a quality that exclusion of the value of the eligible security pursuant to subdivision (a) is not necessary for the purposes of this division and that the commissioner by regulation or order exempts from the limitations of subdivision (a).

SEC. 22. Section 1819 of the Financial Code is amended to read:

1819. The commissioner may revoke or suspend any license issued pursuant to this chapter, if, after notice and opportunity for hearing, he or she finds any of the following:

(a) The licensee has violated any provision of this chapter, any rule or regulation adopted by the commissioner, or any federal or state law that reasonably applies to the conduct of the licensee's money transmission business.

(b) Any fact or condition exists which, if it had existed at the time of the original application for the license, would be grounds for denying an application for a license under Section 1802.2.

(c) The licensee is conducting its business in an unsafe manner.

(d) The licensee has failed to obey a final order issued by the commissioner.

SEC. 23. Section 1819.5 is added to the Financial Code, to read:

1819.5. (a) If the commissioner finds that any of the factors set forth in Section 1819 is true with respect to any licensee and that it is necessary

for the protection of the public interest, the commissioner may issue an order immediately suspending or revoking the licensee's license.

(b) (1) Within 30 days after the license is suspended or revoked pursuant to subdivision (a), the licensee may file with the commissioner an application for a hearing on the suspension or revocation.

(2) If the commissioner fails to commence a hearing within 15 business days after the application is filed with the commissioner or within a longer period of time agreed to by the licensee, the suspension or revocation shall be deemed rescinded.

(3) Within 30 days after the hearing, the commissioner shall affirm, modify, or rescind the suspension or revocation. Otherwise, the suspension or revocation shall be deemed rescinded.

(4) The right of the licensee to petition for judicial review of the suspension or revocation, shall not be affected by the failure of the licensee to apply to the commissioner for a hearing on the suspension or revocation pursuant to this subdivision.

SEC. 24. Section 1821 of the Financial Code is amended to read:

1821. Whenever it appears to the commissioner that a licensee has done or is doing any of the acts specified in subdivisions (a) to (g), inclusive, the commissioner may take possession of the property and business of the licensee and retain possession until the licensee resumes business or its affairs are finally liquidated. The licensee, with the consent of the commissioner, may resume business upon those conditions as the commissioner may prescribe.

(a) The licensee has violated any federal or state law or any rule or regulation that reasonably applies to the conduct of the business of the licensee.

(b) The licensee is conducting its business in an unsafe or unauthorized manner.

(c) The licensee refuses to submit its books, papers, and affairs to the inspection of the commissioner.

(d) The licensee or any officer of a licensee refuses to be examined upon oath touching the concerns of the licensee.

(e) The licensee has suspended payment of its obligations.

(f) The licensee is in a condition that it is unsound, unsafe, or inexpedient for it to transact business.

(g) The licensee neglects or refuses to observe any order of the commissioner made pursuant to Section 1818 unless the enforcement of the order is restrained in a proceeding brought by the licensee.

SEC. 25. 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 243

An act to amend Section 241 of the Penal Code, relating to assault and battery.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 241 of the Penal Code is amended to read:

241. (a) An assault is punishable by a fine not exceeding one thousand dollars (\$1,000), or by imprisonment in the county jail not exceeding six months, or by both the fine and imprisonment.

(b) When an assault is committed against the person of a parking control officer engaged in the performance of his or her duties, and the person committing the offense knows or reasonably should know that the victim is a parking control officer, the assault is punishable by a fine not exceeding two thousand dollars (\$2,000), or by imprisonment in the county jail not exceeding six months, or by both the fine and imprisonment.

(c) When an assault is committed against the person of a peace officer, firefighter, emergency medical technician, mobile intensive care paramedic, lifeguard, process server, traffic officer, code enforcement officer, or animal control officer engaged in the performance of his or her duties, or a physician or nurse engaged in rendering emergency medical care outside a hospital, clinic, or other health care facility, and the person committing the offense knows or reasonably should know that the victim is a peace officer, firefighter, emergency medical technician, mobile intensive care paramedic, lifeguard, process server, traffic officer, code enforcement officer, or animal control officer engaged in the performance of his or her duties, or a physician or nurse engaged in rendering emergency medical care, the assault is punishable by a fine not exceeding two thousand dollars (\$2,000), or by imprisonment in the county jail not exceeding one year, or by both the fine and imprisonment.

(d) As used in this section, the following definitions apply:

(1) Peace officer means any person defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2.

(2) “Emergency medical technician” means a person possessing a valid course completion certificate from a program approved by the State Department of Health Services for the medical training and education of ambulance personnel, and who meets the standards of Division 2.5 (commencing with Section 1797) of the Health and Safety Code.

(3) “Mobile intensive care paramedic” refers to those persons who meet the standards set forth in Division 2.5 (commencing with Section 1797) of the Health and Safety Code.

(4) “Nurse” means a person who meets the standards of Division 2.5 (commencing with Section 1797) of the Health and Safety Code.

(5) “Lifeguard” means a person who is:

(A) Employed as a lifeguard by the state, a county, or a city, and is designated by local ordinance as a public officer who has a duty and responsibility to enforce local ordinances and misdemeanors through the issuance of citations.

(B) Wearing distinctive clothing which includes written identification of the person’s status as a lifeguard and which clearly identifies the employing organization.

(6) “Process server” means any person who meets the standards or is expressly exempt from the standards set forth in Section 22350 of the Business and Professions Code.

(7) “Traffic officer” means any person employed by a county or city to monitor and enforce state laws and local ordinances relating to parking and the operation of vehicles.

(8) “Animal control officer” means any person employed by a county or city for purposes of enforcing animal control laws or regulations.

(9) (A) “Code enforcement officer” means any person who is not described in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 and who is employed by any governmental subdivision, public or quasi-public corporation, public agency, public service corporation, any town, city, county, or municipal corporation, whether incorporated or chartered, that has enforcement authority for health, safety, and welfare requirements, and whose duties include enforcement of any statute, rules, regulations, or standards, and who is authorized to issue citations, or file formal complaints.

(B) “Code enforcement officer” also includes any person who is employed by the Department of Housing and Community Development who has enforcement authority for health, safety, and welfare requirements pursuant to the Employee Housing Act (Part 1 (commencing with Section 17000) of Division 13 of the Health and Safety Code); the State Housing Law (Part 1.5 (commencing with Section 17910) of

Division 13 of the Health and Safety Code); the Mobilehomes-Manufactured Housing Act (Part 2 (commencing with Section 18000) of Division 13 of the Health and Safety Code); the Mobilehome Parks Act (Part 2.1 (commencing with Section 18200) of Division 13 of the Health and Safety Code); and the Special Occupancy Parks Act (Part 2.3 (commencing with Section 18860) of Division 13 of the Health and Safety Code).

(10) "Parking control officer" means any person employed by a city, county, or city and county, to monitor and enforce state laws and local ordinances relating to parking.

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 244

An act to amend Sections 56011, 56036, 56064, 56157, 56332, 56381, 56430, 56663, 56811, and 57200 of the Government Code, and to amend Sections 1 and 2 of Chapter 805 of the Statutes of 2004, relating to local government reorganization.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 56011 of the Government Code is amended to read:

56011. "Affected city" means any city that satisfies either of the following conditions:

(a) It contains, or its sphere of influence contains, territory for which a change of organization is proposed or ordered either singularly or as part of a reorganization.

(b) It would contain the territory described in subdivision (a) as a result of proceedings for a change of organization or reorganization taken pursuant to this division.

SEC. 2. 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 special district, including but not limited to 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 57176), 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 57176), 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. 3. Section 56064 of the Government Code is amended to read:
56064. “Prime agricultural land” means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Storie Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from

the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

SEC. 4. 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 by publishing a display advertisement of at least one-eighth page in a newspaper, as specified in Section 56153, at least 21 days prior to the hearing.

SEC. 5. Section 56332 of the Government Code is amended to read:

56332. (a) The independent special district selection committee shall consist of the presiding officer of the legislative body of each independent special district. However, if the presiding officer of an independent special district is unable to attend a meeting of the independent special district selection committee, the legislative body of the district may appoint one of its members to attend the meeting of the selection committee in the presiding officer's place. Those districts shall include districts located wholly within the county and those containing territory within the county representing 50 percent or more of the assessed value of taxable property of the district, as shown on the last equalized county assessment roll. Each member of the committee shall be entitled to one vote for each independent special district of which he or she is the presiding officer. Members representing a majority of the eligible districts shall constitute a quorum.

(b) The executive officer shall call and give written notice of all meetings of the members of the selection committee. A meeting shall be called and held under either of the following circumstances:

(1) Whenever a vacancy exists among the members or alternate members representing independent special districts upon the commission.

(2) Upon receipt of a written request by one or more members of the selection committee representing districts having 10 percent or more of the assessed value of taxable property within the county, as shown on the last equalized county assessment roll.

(c) (1) If the executive officer determines that a meeting of the special district selection committee, for the purpose of selecting the special district representatives or for filling a vacancy, is not feasible, the executive officer may conduct the business of the committee in writing, as provided in this subdivision. The executive officer may call for nominations to be submitted in writing within 30 days. At the end of the nominating period, the executive officer shall prepare and deliver, or send by certified mail, to each independent special district one ballot and voting instructions. If only one candidate is nominated for a vacant seat, that candidate shall be deemed selected, with no further proceedings.

(2) As an alternative to the delivery or certified mail, the executive officer, with the prior concurrence of the district, may transmit the ballot and voting instructions by electronic mail, provided that the executive officer shall retain written evidence of the receipt of that material.

(3) The ballot shall include the names of all nominees and the office for which each was nominated. The districts shall return the ballots to the executive officer by the date specified in the voting instructions, which date shall be at least 30 days from the date on which the executive officer mailed the ballots to the districts.

(4) If the executive officer has transmitted the ballot and voting instructions by electronic mail, the districts may return the ballots to the executive officer by electronic mail, provided that the executive officer retains written evidence of the receipt of the ballot.

(5) Any ballot received by the executive officer after the specified date is invalid. The executive officer shall announce the results of the election within seven days of the specified date.

(d) The selection committee shall appoint two regular members and one alternate member to the commission. The members so appointed shall be elected or appointed special district officers residing within the county but shall not be members of the legislative body of a city or county. If one of the regular district members is absent from a commission meeting or disqualifies himself or herself from participating in a meeting, the alternate district member may serve and vote in place of the regular district member for that meeting. The representation by a regular district member who is a special district officer shall not disqualify, or be cause for disqualification of, the member from acting on a proposal affecting the special district. The special district selection committee may, at the time it appoints a member or alternate, provide that the member or alternate is disqualified from voting on proposals affecting the district of which the member is a representative.

(e) If the office of a regular district member becomes vacant, the alternate member may serve and vote in place of the former regular district member until the appointment and qualification of a regular district member to fill the vacancy.

SEC. 6. 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, and to each independent special district.

(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. 7. Section 56430 of the Government Code is amended to read:

56430. (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Growth and population projections for the affected area.

(2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

(3) Financial ability of agencies to provide services.

(4) Status of, and opportunities for, shared facilities.

(5) Accountability for community service needs, including governmental structure and operational efficiencies.

(6) Any other matter related to effective or efficient service delivery, as required by commission policy.

(b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area.

(c) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

SEC. 8. 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) No subject agency has 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 hearing. 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) No subject agency has submitted written opposition to a waiver of protest proceedings.

SEC. 9. Section 56811 of the Government Code is amended to read:
56811. (a) If a proposal includes the formation of a new special district, the commission shall determine the appropriations limit of the district in accordance with Section 7902.7 and Article XIII B of the California Constitution. The commission shall determine the provisional appropriations limit of the district in the following manner:

(1) Estimate the amount of revenue anticipated to be received by the district from the proceeds of taxes for the first full fiscal year of operation.

(2) Adjust the amount determined in paragraph (1) for the estimated change in the cost of living and population in the next full fiscal year of

operation and any other changes that may be required or permitted by Article XIII B of the California Constitution.

(b) The governing body of the district shall determine the proposed permanent appropriations limit of the district to be submitted to the voters in the following manner:

(1) Determine the amount of revenue actually received by the district from the proceeds of taxes for the first full fiscal year of operation.

(2) Adjust the amount determined in paragraph (1) for the estimated change in the cost of living and population in the next full fiscal year of operation and any other changes that may be required or permitted by Article XIII B of the California Constitution.

(c) The permanent appropriations limit of the district shall be set at the first district election that is held following the first full fiscal year of operation and shall not be considered to be a change in the appropriations limit of the district pursuant to Section 4 of Article XIII B of the California Constitution.

SEC. 10. Section 57200 of the Government Code is amended to read: 57200. (a) The executive officer shall prepare and execute a certificate of completion and shall make the filing required by this division upon all of the following:

(1) The completion of all commission actions pursuant to Part 3 (commencing with Section 56650), including the time period allowed to file and act upon requests for reconsideration pursuant to Section 56895.

(2) The satisfaction of any conditions contained in the commission resolution making determinations that are required to be completed prior to filing a certificate of completion.

(3) The completion of all proceedings pursuant to Part 4 (commencing with Section 57000).

(b) Whenever the commission approves the inclusion of any territory of a landscape and lighting assessment district within a city, the executive officer shall notify the clerk of the landscape and lighting assessment district or other person designated by the district to receive notification.

SEC. 11. Section 1 of Chapter 805 of the Statutes of 2004 is amended to read:

Section 1. Notwithstanding any other provision of law, on or before December 31, 2014, the local agency formation commission in the County of Ventura shall not impose a condition that requires the City of Simi Valley to initiate proceedings on a proposal for a change of organization or reorganization pursuant to paragraph (3) of subdivision (a) of Section 56375 of the Government Code or pursuant to Section 56375.3 of the Government Code unless the territory that would be affected is contiguous and physically related to the affected territory.

SEC. 12. Section 2 of Chapter 805 of the Statutes of 2004 is amended to read:

Sec. 2. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the City of Simi Valley. The facts constituting the special circumstances are:

There are seven areas of unincorporated territory that are surrounded or substantially surrounded by the City of Simi Valley. The city intends to explore the possibility of annexing those unincorporated territories. The Legislature wants to allow city officials, property owners, and residents to discuss those possible annexations without undue influence.

SEC. 13. (a) Notwithstanding any other law, the current term of office of the alternate public member of the Santa Barbara Local Agency Formation Commission is hereby extended to March 1, 2009.

(b) 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 Santa Barbara Local Agency Formation Commission. The facts constituting the special circumstances are:

The current term of office of the public member of the Santa Barbara Local Agency Formation Commission expires on March 1, 2009. The current term of the alternate public member of the Santa Barbara Local Agency Formation Commission expires on March 1, 2008. It is the desire of the city, county, and special district members of the Santa Barbara Local Agency Formation Commission, which appoint the public and alternate public members of the commission, to have the terms of office of the public member and alternate public member expire at the same time.

CHAPTER 245

An act to add Chapter 3.12 (commencing with Section 15820.100) to Part 10b of Division 3 of Title 2 of the Government Code, relating to prisons, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Chapter 3.12 (commencing with Section 15820.100) is added to Part 10b of Division 3 of Title 2 of the Government Code, to read:

CHAPTER 3.12. FINANCING OF SAN QUENTIN STATE PRISON CENTRAL HEALTH SERVICES FACILITIES

15820.100. The Legislature finds and declares all of the following:

(a) On February 14, 2006, the United States District Court in the case of Plata v. Schwarzenegger (No. C01-1351 TEH) suspended the exercise of authority by the Secretary of the Department of Corrections and Rehabilitation related to the administration, control, management, operation, and financing of the California prison medical health care system and vested those powers in a Medical Care Receiver appointed by the court commencing on April 17, 2006, until further order of the court.

(b) These powers included assessing the suitability of existing medical care facilities and the design and construction of upgrades or replacement facilities.

(c) It is necessary to design and construct a Central Health Services Building at San Quentin State Prison to provide medical, dental, and mental health treatment and a reception center to inmates.

(d) The purpose of this chapter is to authorize funding solely for this project and to describe the procurement method that the Medical Care Receiver is authorized to use for the project.

(e) This chapter is enacted for the sole purpose of addressing the urgent need for this building and for prison health care and shall not be cited as precedent for any other purpose.

15820.101. For the purposes of this chapter, the following definitions apply:

(a) "Department" means the Department of Corrections and Rehabilitation.

(b) "Medical Care Receiver" means the person appointed by the United States District Court in the case of Plata v. Schwarzenegger (No. C01-1351 TEH) to oversee management and operation of the state prison medical system.

(c) "Project" means the Central Health Services Building at San Quentin State Prison to provide medical, dental, and mental health treatment to inmates.

15820.102. (a) In order to expedite the improvement of medical, dental, and mental health at San Quentin State Prison and to expedite

compliance with the case of *Plata v. Schwarzenegger* (No. C01-1351 TEH), notwithstanding any other provision of law, the Medical Care Receiver may solicit proposals and enter into contracts for the study, planning, design, development, construction, rebuilding, improvement, or repair, or any combination thereof, for the project based upon a value-based, competitive negotiation process.

(b) Solicitations or contracts authorized pursuant to this section may be executed by the Medical Care Receiver through the California Prison Health Care Receivership Corporation on behalf of the department. Entities may be selected by the Medical Care Receiver subject to the oversight of the federal court and to all of the following criteria:

(1) The Medical Care Receiver shall utilize, as the primary selection criteria, the demonstrated competence and qualifications for the studying, planning, design, developing, construction, rebuilding, improvement, or repair, or any combination thereof, of the project.

(2) The Medical Care Receiver shall ensure that the project is delivered under contracts entered into pursuant to this section at a fair and reasonable price.

(3) The Medical Care Receiver may not enter into any solicitation or contract that may result in unlawful activity, including, but not limited to, rebates or kickbacks.

(4) The Medical Care Receiver may not enter into a contract that uses employees or consultants of the Medical Care Receiver when those employees or consultants have a relationship with a person or business entity seeking a contract under this section that would subject those employees to the prohibition of Section 87100.

(c) The scope and cost of the project shall be subject to approval and administrative oversight by the board, pursuant to Section 13332.19, except that, for the purposes of this chapter, the duties assigned to the Director of General Services under that section shall be performed by the Medical Care Receiver.

15820.103. (a) For purposes of compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), the board shall not be deemed a lead or responsible agency. However, nothing in this chapter exempts the department from the requirements of that division.

(b) Proceeds from bonds or notes authorized pursuant to this chapter shall be used to reimburse the General Fund for any costs incurred by the department for the preparation of an environmental impact report and related studies, and for any other costs associated with compliance with Division 13 (commencing with Section 21000) of the Public Resources Code in connection with the project.

15820.104. (a) The State Public Works Board may issue up to one hundred forty-six million one hundred sixty thousand dollars (\$146,160,000) in revenue bonds, negotiable notes, or negotiable bond anticipation notes pursuant to this part, to finance the design and construction for the project. The revenue bonds, negotiable notes, or negotiable bond anticipation notes authorized in this chapter shall reduce the amount of revenue bonds, negotiable notes, or negotiable bond anticipation notes the board is authorized to issue pursuant to subdivision (a) of Section 15819.403 for the construction authorized by subdivision (c) of Section 15819.40. None of the provisions of Chapter 3.2.1 of this part, as it may be amended from time to time, shall apply to the project.

(b) The department may borrow funds for project costs from the Pooled Money Investment Account pursuant to Sections 16312 and 16313 or from any other appropriate source. In the event any of the revenue bonds, notes, or bond anticipation notes authorized by this chapter are not sold, the department shall commit a sufficient amount of its support appropriation to repay any loans made from the Pooled Money Investment Account for an approved project.

(c) The costs of financing include, but are not limited to, interest during construction of the project, a reasonably required reserve fund, and the cost of issuance of permanent financing.

(d) The department and the board shall execute and deliver any and all leases, contracts, agreements, or other documents necessary for the sale of bonds or other financing for the project.

(e) Proceeds of the revenue bonds, notes, or bond anticipation notes may be used to reimburse the department for the costs of preliminary plans, working drawings, and construction, for the project.

(f) Notwithstanding Section 13340, funds derived pursuant to this section are continuously appropriated for purposes of this chapter.

15820.105. (a) All plans and specifications for the project shall comply with all applicable building codes.

(b) The project is hereby deemed a “public work” project for purposes of Sections 3082 to 3267, inclusive, of the Civil Code.

(c) The provisions of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code shall apply to all public works contracts entered into for the project.

(d) Other than as provided in this section and Sections 15820.101, 15820.102, 15820.103, and 15820.104, private sector methods may be used to deliver the project. Specifically, the procurement and contracting for the delivery of the project is not subject to the State Contract Act or any other provision of California law governing public procurement or public works projects.

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:

Immediate commencement of construction of the Central Health Services Building is necessary to meet the needs of the medical, mental health, and dental services programs that provide health care for the inmates housed at San Quentin State Prison, and to comply with the directives of the Medical Care Receiver in the case of *Plata v. Schwarzenegger* (No. C01-1351 TEH). Therefore, it is necessary for this act to go into effect immediately.

CHAPTER 246

An act to amend Section 23356.1 of the Business and Professions Code, relating to alcoholic beverages.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 23356.1 of the Business and Professions Code is amended to read:

23356.1. (a) A winegrower's license also authorizes the person to whom issued to conduct winetastings of wine produced or bottled by, or produced and packaged for, the licensee, either on or off the winegrower's premises. When a winetasting is held off the winegrower's premises at an event sponsored by a private nonprofit organization, no wine may be sold, and no sales or orders solicited, except that orders for the sale of wine may be accepted by the winegrower if the sales transaction is completed at the winegrower's premises. For purposes of this subdivision, "private nonprofit organization" means an organization described in Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701i, 23701k, 23701l, 23701r, or 23701w of the Revenue and Taxation Code.

(b) Notwithstanding any other provisions of this division, a winegrower who, prior to July 1, 1970, had, at his or her premises of production, sold to consumers for consumption off the premises domestic wine other than wine which was produced or bottled by, or produced and packaged for, the licensee, and which was not sold under a brand or trade name owned by the licensee, and who had, prior to July 1, 1970,

conducted winetastings of the domestic wine at his or her licensed premises, is authorized to continue to conduct the winetasting and selling activities at the licensed premises.

(c) A winegrower who was licensed as such prior to July 1, 1954, and who prior to July 1, 1970, had, at his or her licensed premises, sold to consumers for consumption off the premises, wine packaged for and imported by him or her, and who conducted winetastings of the wines at his or her licensed premises, may continue to conduct the winetasting and selling activities at the licensed premises.

(d) The department may adopt the rules as it determines to be necessary for the administration of this section.

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 247

An act to add and repeal Section 4326 of the Family Code, relating to spousal support.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 4326 is added to the Family Code, to read:
4326. (a) In a proceeding in which a spousal support order exists or in which the court has retained jurisdiction over a spousal support order, if a companion child support order is in effect, the termination of child support pursuant to subdivision (a) of Section 3901 constitutes a change of circumstances that may be the basis for a request for modification of spousal support.

(b) 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 248

An act to add Section 11006 to the Government Code, relating to state agencies.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 11006 is added to the Government Code, to read:

11006. (a) Notwithstanding any other provision of law, a state agency that requires fingerprinting for any non-law-enforcement purpose shall not require the use of specified live scan fingerprinting service providers certified by the Department of Justice to roll fingerprint impressions, as provided for under Section 11102.1 of the Penal Code.

(b) A state agency may identify on its Web site a list of live scan fingerprinting service providers certified by the Department of Justice. If a state agency does identify on its Web site a list of live scan fingerprinting service providers certified by the Department of Justice, then it shall provide a link to the Department of Justice's Web site that lists all certified live scan fingerprinting service providers.

SEC. 2. (a) The Legislature finds and declares that the utilization of all eligible vendors provides the greatest access for consumers to obtain live scan fingerprint services.

(b) Therefore, it is the intent of the Legislature in enacting this act to encourage all state agencies that require live scans to encourage their licensees and constituents to obtain live scans at the earliest possible time in their approval process to avoid unnecessary delays.

CHAPTER 249

An act to amend Section 17400 of, and to amend, repeal, and add Section 4505 of, the Family Code, relating to child support.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 4505 of the Family Code is amended to read:

4505. (a) A court may require a parent who alleges that the parent's default in a child or family support order is due to the parent's unemployment to submit to the appropriate child support enforcement agency or any other entity designated by the court, including, but not limited to, the court itself, each two weeks, or at a frequency deemed appropriate by the court, a list of at least five different places the parent has applied for employment.

(b) (1) The Superior Court of the County of San Mateo may order a parent, concurrent with an initial order for the parent to pay child support, to submit to the appropriate child support enforcement agency or any other entity designated by the court, each two weeks, or at a frequency deemed appropriate by the court, a list of at least five different places the parent has applied for employment during the previous two-week period or other designated interval. The court may issue that order only upon the filing of a declaration by a child support enforcement officer of the local child support enforcement agency satisfying the following conditions:

(A) The declaration states that the child support enforcement officer has conducted an evaluation of the income and earning ability of the parent.

(B) The declaration details the communication, if any, between the obligor and the child support enforcement officer or the San Mateo County child support enforcement agency.

(C) The declaration states both of the following:

(i) The child support enforcement officer believes that, unless ordered by the court to seek employment under this subdivision, the parent would ignore the child support order and would be likely to default on his or her child support obligation.

(ii) The reasons for that belief.

(2) The Superior Court of the County of San Mateo shall not issue a citation for contempt for the failure of a parent to comply with an order issued pursuant to paragraph (1) unless the parent has become delinquent in his or her child support payments.

(3) The San Mateo County child support enforcement agency shall report to the department and the appropriate committees of the Legislature, on or before January 1, 2010, on the cost and performance of the pilot program described in this subdivision, including both of the following:

(A) The number of parents issued contempt citations and the effect of the citation on their employment status and support payments.

(B) The unemployment rate of, and the amount of support collected from, parents who are ordered to seek work pursuant to this subdivision

compared with the unemployment rate of, and amount of support collected from, parents who are not subject to these orders.

(4) All costs related to the pilot program established in this subdivision shall be borne by the County of San Mateo.

(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.

SEC. 2. Section 4505 is added to the Family Code, to read:

4505. (a) A court may require a parent who alleges that the parent's default in a child or family support order is due to the parent's unemployment to submit to the appropriate child support enforcement agency or any other entity designated by the court, including, but not limited to, the court itself, each two weeks, or at a frequency deemed appropriate by the court, a list of at least five different places the parent has applied for employment.

(b) This section shall become operative on January 1, 2011.

SEC. 3. Section 17400 of the Family Code is amended to read:

17400. (a) Each county shall maintain a local child support agency, as specified in Section 17304, that shall have the responsibility for promptly and effectively establishing, modifying, and enforcing child support obligations, including medical support, enforcing spousal support orders established by a court of competent jurisdiction, and determining paternity in the case of a child born out of wedlock. The local child support agency shall take appropriate action, including criminal action in cooperation with the district attorneys, to establish, modify, and enforce child support and, if appropriate, enforce spousal support orders if the child is receiving public assistance, including Medi-Cal, and, if requested, shall take the same actions on behalf of a child who is not receiving public assistance, including Medi-Cal.

(b) (1) Notwithstanding Sections 25203 and 26529 of the Government Code, attorneys employed within the local child support agency may direct, control, and prosecute civil actions and proceedings in the name of the county in support of child support activities of the Department of Child Support Services and the local child support agency.

(2) Notwithstanding any other law, and except for pleadings or documents required to be signed under penalty of perjury, a local child support agency may substitute original signatures with any form of electronic signatures, including, but not limited to, typed, digital, or facsimile images of signatures, digital signatures, or other computer-generated signatures, on pleadings filed for the purpose of establishing, modifying, or enforcing paternity, child support, or medical support. Any substituted signature used by a local child support agency shall have the same effect as an original signature, including, but not

limited to, the requirements of Section 128.7 of the Code of Civil Procedure.

(c) Actions brought by the local child support agency to establish paternity or child support or to enforce child support obligations shall be completed within the time limits set forth by federal law. The local child support agency's responsibility applies to spousal support only if the spousal support obligation has been reduced to an order of a court of competent jurisdiction. In any action brought for modification or revocation of an order that is being enforced under Title IV-D of the Social Security Act (42 U.S.C. Sec. 651 et seq.), the effective date of the modification or revocation shall be as prescribed by federal law (42 U.S.C. Sec. 666(a)(9)), or any subsequent date.

(d) (1) The Judicial Council, in consultation with the department and representatives of the California Family Support Council, the Senate Committee on Judiciary, the Assembly Committee on Judiciary, and a legal services organization providing representation on child support matters, shall develop simplified summons, complaint, and answer forms for any action for support brought pursuant to this section or Section 17404. The Judicial Council may combine the summons and complaint in a single form.

(2) The simplified complaint form shall provide notice of the amount of child support that is sought pursuant to the guidelines set forth in Article 2 (commencing with Section 4050) of Chapter 2 of Part 2 of Division 9 based upon the income or income history of the support obligor as known to the local child support agency. If the support obligor's income or income history is unknown to the local child support agency, the complaint shall inform the support obligor that income shall be presumed to be the amount of the minimum wage, at 40 hours per week, established by the Industrial Welfare Commission pursuant to Section 1182.11 of the Labor Code unless information concerning the support obligor's income is provided to the court. The complaint form shall be accompanied by a proposed judgment. The complaint form shall include a notice to the support obligor that the proposed judgment will become effective if he or she fails to file an answer with the court within 30 days of service. Except as provided in paragraph (2) of subdivision (a) of Section 17402, if the proposed judgment is entered by the court, the support order in the proposed judgment shall be effective as of the first day of the month following the filing of the complaint.

(3) (A) The simplified answer form shall be written in simple English and shall permit a defendant to answer and raise defenses by checking applicable boxes. The answer form shall include instructions for completion of the form and instructions for proper filing of the answer.

(B) The answer form shall be accompanied by a blank income and expense declaration or simplified financial statement and instructions on how to complete the financial forms. The answer form shall direct the defendant to file the completed income and expense declaration or simplified financial statement with the answer, but shall state that the answer will be accepted by a court without the income and expense declaration or simplified financial statement.

(C) The clerk of the court shall accept and file answers, income and expense declarations, and simplified financial statements that are completed by hand provided they are legible.

(4) (A) The simplified complaint form prepared pursuant to this subdivision shall be used by the local child support agency or the Attorney General in all cases brought under this section or Section 17404.

(B) The simplified answer form prepared pursuant to this subdivision shall be served on all defendants with the simplified complaint. Failure to serve the simplified answer form on all defendants shall not invalidate any judgment obtained. However, failure to serve the answer form may be used as evidence in any proceeding under Section 17432 of this code or Section 473 of the Code of Civil Procedure.

(C) The Judicial Council shall add language to the governmental summons, for use by the local child support agency with the governmental complaint to establish parental relationship and child support, informing defendants that a blank answer form should have been received with the summons and additional copies may be obtained from either the local child support agency or the superior court clerk.

(e) In any action brought or enforcement proceedings instituted by the local child support agency pursuant to this section for payment of child or spousal support, an action to recover an arrearage in support payments may be maintained by the local child support agency at any time within the period otherwise specified for the enforcement of a support judgment, notwithstanding the fact that the child has attained the age of majority.

(f) The county shall undertake an outreach program to inform the public that the services described in subdivisions (a) to (c), inclusive, are available to persons not receiving public assistance. There shall be prominently displayed in every public area of every office of the agencies established by this section a notice, in clear and simple language prescribed by the Director of Child Support Services, that the services provided in subdivisions (a) to (c), inclusive, are provided to all individuals, whether or not they are recipients of public assistance.

(g) (1) In any action to establish a child support order brought by the local child support agency in the performance of duties under this section, the local child support agency may make a motion for an order effective

during the pendency of that action, for the support, maintenance, and education of the child or children that are the subject of the action. This order shall be referred to as an order for temporary support. This order has the same force and effect as a like or similar order under this code.

(2) The local child support agency shall file a motion for an order for temporary support within the following time limits:

(A) If the defendant is the mother, a presumed father under Section 7611, or any father if the child is at least six months old when the defendant files his or her answer, the time limit is 90 days after the defendant files an answer.

(B) In any other case in which the defendant has filed an answer prior to the birth of the child or not more than six months after the birth of the child, then the time limit is nine months after the birth of the child.

(3) If more than one child is the subject of the action, the limitation on reimbursement shall apply only as to those children whose parental relationship and age would bar recovery were a separate action brought for support of that child or those children.

(4) If the local child support agency fails to file a motion for an order for temporary support within the time limits specified in this section, the local child support agency shall be barred from obtaining a judgment of reimbursement for any support provided for that child during the period between the date the time limit expired and the date the motion was filed, or, if no motion is filed, when a final judgment is entered.

(5) Except as provided in Section 17304, nothing in this section prohibits the local child support agency from entering into cooperative arrangements with other county departments as necessary to carry out the responsibilities imposed by this section pursuant to plans of cooperation with the departments approved by the Department of Child Support Services.

(6) Nothing in this section otherwise limits the ability of the local child support agency from securing and enforcing orders for support of a spouse or former spouse as authorized under any other law.

(h) As used in this article, “enforcing obligations” includes, but is not limited to, all of the following:

(1) The use of all interception and notification systems operated by the department for the purpose of aiding in the enforcement of support obligations.

(2) The obtaining by the local child support agency of an initial order for child support that may include medical support or that is for medical support only, by civil or criminal process.

(3) The initiation of a motion or order to show cause to increase an existing child support order, and the response to a motion or order to show cause brought by an obligor parent to decrease an existing child

support order, or the initiation of a motion or order to show cause to obtain an order for medical support, and the response to a motion or order to show cause brought by an obligor parent to decrease or terminate an existing medical support order, without regard to whether the child is receiving public assistance.

(4) The response to a notice of motion or order to show cause brought by an obligor parent to decrease an existing spousal support order if the child or children are residing with the obligee parent and the local child support agency is also enforcing a related child support obligation owed to the obligee parent by the same obligor.

(5) The referral of child support delinquencies to the Franchise Tax Board under subdivision (c) of Section 17500 in support of the local child support agency.

(i) As used in this section, “out of wedlock” means that the biological parents of the child were not married to each other at the time of the child’s conception.

(j) (1) The local child support agency is the public agency responsible for administering wage withholding for current support for the purposes of Title IV-D of the Social Security Act (42 U.S.C. Sec. 651 et seq.).

(2) Nothing in this section limits the authority of the local child support agency granted by other sections of this code or otherwise granted by law.

(k) In the exercise of the authority granted under this article, the local child support agency may intervene, pursuant to subdivision (b) of Section 387 of the Code of Civil Procedure, by ex parte application, in any action under this code, or other proceeding in which child support is an issue or a reduction in spousal support is sought. By notice of motion, order to show cause, or responsive pleading served upon all parties to the action, the local child support agency may request any relief that is appropriate that the local child support agency is authorized to seek.

(l) The local child support agency shall comply with all regulations and directives established by the department that set time standards for responding to requests for assistance in locating noncustodial parents, establishing paternity, establishing child support awards, and collecting child support payments.

(m) As used in this article, medical support activities that the local child support agency is authorized to perform are limited to the following:

(1) The obtaining and enforcing of court orders for health insurance coverage.

(2) Any other medical support activity mandated by federal law or regulation.

(n) (1) Notwithstanding any other law, venue for an action or proceeding under this division shall be determined as follows:

(A) Venue shall be in the superior court in the county that is currently expending public assistance.

(B) If public assistance is not currently being expended, venue shall be in the superior court in the county where the child who is entitled to current support resides or is domiciled.

(C) If current support is no longer payable through, or enforceable by, the local child support agency, venue shall be in the superior court in the county that last provided public assistance for actions to enforce arrearages assigned pursuant to Section 11477 of the Welfare and Institutions Code.

(D) If subparagraphs (A), (B), and (C) do not apply, venue shall be in the superior court in the county of residence of the support obligee.

(E) If the support obligee does not reside in California, and subparagraphs (A), (B), (C), and (D) do not apply, venue shall be in the superior court of the county of residence of the obligor.

(2) Notwithstanding paragraph (1), if the child becomes a resident of another county after an action under this part has been filed, venue may remain in the county where the action was filed until the action is completed.

(o) The local child support agency of one county may appear on behalf of the local child support agency of any other county in an action or proceeding under this part.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district are the result of a program for which legislative authority was requested by that local agency or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

CHAPTER 250

An act to amend Section 1363.05 of the Civil Code, relating to common interest developments.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 1363.05 of the Civil Code is amended to read:

1363.05. (a) This section shall be known and may be cited as the Common Interest Development Open Meeting Act.

(b) Any member of the association may attend meetings of the board of directors of the association, except when the board adjourns to executive session to consider litigation, matters relating to the formation of contracts with third parties, member discipline, personnel matters, or to meet with a member, upon the member's request, regarding the member's payment of assessments, as specified in Section 1367 or 1367.1. The board of directors of the association shall meet in executive session, if requested by a member who may be subject to a fine, penalty, or other form of discipline, and the member shall be entitled to attend the executive session.

(c) Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership.

(d) The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the board of directors of an association, other than an executive session, shall be available to members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any member of the association upon request and upon reimbursement of the association's costs for making that distribution.

(e) Members of the association shall be notified in writing at the time that the pro forma budget required in Section 1365 is distributed, or at the time of any general mailing to the entire membership of the association, of their right to have copies of the minutes of meetings of the board of directors, and how and where those minutes may be obtained.

(f) Unless the time and place of meeting is fixed by the bylaws, or unless the bylaws provide for a longer period of notice, members shall be given notice of the time and place of a meeting as defined in subdivision (j), except for an emergency meeting, at least four days prior to the meeting. Notice shall be given by posting the notice in a prominent place or places within the common area and by mail to any owner who had requested notification of board meetings by mail, at the address requested by the owner. Notice may also be given, by mail or delivery of the notice to each unit in the development or by newsletter or similar means of communication. The notice shall contain the agenda for the meeting.

(g) An emergency meeting of the board may be called by the president of the association, or by any two members of the governing body other

than the president, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the board, and which of necessity make it impracticable to provide notice as required by this section.

(h) The board of directors of the association shall permit any member of the association to speak at any meeting of the association or the board of directors, except for meetings of the board held in executive session. A reasonable time limit for all members of the association to speak to the board of directors or before a meeting of the association shall be established by the board of directors.

(i) (1) Except as described in paragraphs (2) to (4), inclusive, the board of directors of the association may not discuss or take action on any item at a nonemergency meeting unless the item was placed on the agenda included in the notice that was posted and distributed pursuant to subdivision (f). This subdivision does not prohibit a resident who is not a member of the board from speaking on issues not on the agenda.

(2) Notwithstanding paragraph (1), a member of the board of directors, a managing agent or other agent of the board of directors, or a member of the staff of the board of directors, may do any of the following:

(A) Briefly respond to statements made or questions posed by a person speaking at a meeting as described in subdivision (h).

(B) Ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities, whether in response to questions posed by a member of the association or based upon his or her own initiative.

(3) Notwithstanding paragraph (1), the board of directors or a member of the board of directors, subject to rules or procedures of the board of directors, may do any of the following:

(A) Provide a reference to, or provide other resources for factual information to, its managing agent or other agents or staff.

(B) Request its managing agent or other agents or staff to report back to the board of directors at a subsequent meeting concerning any matter, or take action to direct its managing agent or other agents or staff to place a matter of business on a future agenda.

(C) Direct its managing agent or other agents or staff to perform administrative tasks that are necessary to carry out this subdivision.

(4) (A) Notwithstanding paragraph (1), the board of directors may take action on any item of business not appearing on the agenda posted and distributed pursuant to subdivision (f) under any of the following conditions:

(i) Upon a determination made by a majority of the board of directors present at the meeting that an emergency situation exists. An emergency situation exists if there are circumstances that could not have been

reasonably foreseen by the board, that require immediate attention and possible action by the board, and that, of necessity, make it impracticable to provide notice.

(ii) Upon a determination made by the board by a vote of two-thirds of the members present at the meeting, or, if less than two-thirds of total membership of the board is present at the meeting, by a unanimous vote of the members present, that there is a need to take immediate action and that the need for action came to the attention of the board after the agenda was posted and distributed pursuant to subdivision (f).

(iii) The item appeared on an agenda that was posted and distributed pursuant to subdivision (f) for a prior meeting of the board of directors that occurred not more than 30 calendar days before the date that action is taken on the item and, at the prior meeting, action on the item was continued to the meeting at which the action is taken.

(B) Before discussing any item pursuant to this paragraph, the board of directors shall openly identify the item to the members in attendance at the meeting.

(j) As used in this section, "meeting" includes any congregation of a majority of the members of the board at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the board, except those matters that may be discussed in executive session.

CHAPTER 251

An act to amend Section 4025 of, and to add and repeal Section 4025.5 of, the Penal Code, relating to jails.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 4025 of the Penal Code is amended to read:
4025. (a) The sheriff of each county may establish, maintain and operate a store in connection with the county jail and for this purpose may purchase confectionery, tobacco and tobacco users' supplies, postage and writing materials, and toilet articles and supplies and sell these goods, articles, and supplies for cash to inmates in the jail.

(b) The sale prices of the articles offered for sale at the store shall be fixed by the sheriff. Any profit shall be deposited in an inmate welfare fund to be kept in the treasury of the county.

(c) There shall also be deposited in the inmate welfare fund 10 percent of all gross sales of inmate hobbycraft.

(d) There shall be deposited in the inmate welfare fund any money, refund, rebate, or commission received from a telephone company or pay telephone provider when the money, refund, rebate, or commission is attributable to the use of pay telephones which are primarily used by inmates while incarcerated.

(e) The money and property deposited in the inmate welfare fund shall be expended by the sheriff primarily for the benefit, education, and welfare of the inmates confined within the jail. Any funds that are not needed for the welfare of the inmates may be expended for the maintenance of county jail facilities. Maintenance of county jail facilities may include, but is not limited to, the salary and benefits of personnel used in the programs to benefit the inmates, including, but not limited to, education, drug and alcohol treatment, welfare, library, accounting, and other programs deemed appropriate by the sheriff. Inmate welfare funds shall not be used to pay required county expenses of confining inmates in a local detention system, such as meals, clothing, housing, or medical services or expenses, except that inmate welfare funds may be used to augment those required county expenses as determined by the sheriff to be in the best interests of inmates. An itemized report of these expenditures shall be submitted annually to the board of supervisors.

(f) The operation of a store within any other county adult detention facility which is not under the jurisdiction of the sheriff shall be governed by the provisions of this section, except that the board of supervisors shall designate the proper county official to exercise the duties otherwise allocated in this section to the sheriff.

(g) The operation of a store within any city adult detention facility shall be governed by the provisions of this section, except that city officials shall assume the respective duties otherwise outlined in this section for county officials.

(h) The treasurer may, pursuant to Article 1 (commencing with Section 53600), or Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, deposit, invest, or reinvest any part of the inmate welfare fund, in excess of that which the treasurer deems necessary for immediate use. The interest or increment accruing on these funds shall be deposited in the inmate welfare fund.

(i) The sheriff may expend money from the inmate welfare fund to provide indigent inmates, prior to release from the county jail or any other adult detention facility under the jurisdiction of the sheriff, with essential clothing and transportation expenses within the county or, at

the discretion of the sheriff, transportation to the inmate's county of residence, if the county is within the state or within 500 miles from the county of incarceration. This subdivision does not authorize expenditure of money from the inmate welfare fund for the transfer of any inmate to the custody of any other law enforcement official or jurisdiction.

SEC. 2 Section 4025.5 is added to the Penal Code, to read:

4025.5. (a) There is hereby created a pilot program in the Counties of Alameda, Los Angeles, Orange, Sacramento, San Francisco, San Diego, Santa Barbara, and Stanislaus. In each county, the sheriff may expend money from the inmate welfare fund to provide indigent inmates, after release from the county jail or any other adult detention facility under the jurisdiction of the sheriff, assistance with the reentry process within 14 days after the inmate's release. The assistance provided may include, but is not limited to, work placement, counseling, obtaining proper identification, education, and housing.

(b) 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.

CHAPTER 252

An act to add Section 1203.017 to the Penal Code, relating to involuntary home detention, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 1203.017 is added to the Penal Code, to read:

1203.017. (a) Notwithstanding any other provision of law, upon determination by the correctional administrator that conditions in a jail facility warrant the necessity of releasing sentenced misdemeanor inmates prior to them serving the full amount of a given sentence due to lack of jail space, the board of supervisors of any county may authorize the correctional administrator to offer a program under which inmates committed to a county jail or other county correctional facility or granted probation, or inmates participating in a work furlough program, may be required to participate in an involuntary home detention program, which shall include electronic monitoring, during their sentence in lieu of

confinement in the county jail or other county correctional facility or program under the auspices of the probation officer. Under this program, one day of participation shall be in lieu of one day of incarceration. Participants in the program shall receive any sentence reduction credits that they would have received had they served their sentences in a county correctional facility.

(b) The board of supervisors may prescribe reasonable rules and regulations under which an involuntary home detention program may operate. The inmate shall be informed in writing that he or she shall comply with the rules and regulations of the program, including, but not limited to, the following rules:

(1) The participant shall remain within the interior premises of his or her residence during the hours designated by the correctional administrator.

(2) The participant shall admit any peace officer designated by the correctional administrator into his or her residence at any time for purposes of verifying the participant's compliance with the conditions of his or her detention.

(3) The use of electronic monitoring may include global positioning system devices or other supervising devices for the purpose of helping to verify his or her compliance with the rules and regulations of the home detention program. The devices shall not be used to eavesdrop or record any conversation, except a conversation between the participant and the person supervising the participant which is to be used solely for the purposes of voice identification.

(4) The correctional administrator in charge of the county correctional facility from which the participant was released may, without further order of the court, immediately retake the person into custody to serve the balance of his or her sentence if the electronic monitoring or supervising devices are unable for any reason to properly perform their function at the designated place of home detention, if the person fails to remain within the place of home detention as stipulated in the agreement, or if the person for any other reason no longer meets the established criteria under this section.

(c) Whenever the peace officer supervising a participant has reasonable cause to believe that the participant is not complying with the rules or conditions of the program, or that the electronic monitoring devices are unable to function properly in the designated place of confinement, the peace officer may, under general or specific authorization of the correctional administrator, and without a warrant of arrest, retake the person into custody to complete the remainder of the original sentence.

(d) Nothing in this section shall be construed to require the correctional administrator to allow a person to participate in this program

if it appears from the record that the person has not satisfactorily complied with reasonable rules and regulations while in custody. A person shall be eligible for participation in a home detention program only if the correctional administrator concludes that the person meets the criteria for release established under this section and that the person's participation is consistent with any reasonable rules and regulations prescribed by the board of supervisors or the administrative policy of the correctional administrator.

(1) The rules and regulations and administrative policy of the program shall be written and reviewed on an annual basis by the county board of supervisors and the correctional administrator. The rules and regulations shall be given to or made available to any participant upon request.

(2) The correctional administrator, or his or her designee, shall have the sole discretionary authority to permit program participation as an alternative to physical custody. All persons referred or recommended by the court to participate in the home detention program pursuant to subdivision (e) who are denied participation or all persons removed from program participation shall be notified in writing of the specific reasons for the denial or removal. The notice of denial or removal shall include the participant's appeal rights, as established by program administrative policy.

(e) The court may recommend or refer a person to the correctional administrator for consideration for placement in the home detention program. The recommendation or referral of the court shall be given great weight in the determination of acceptance or denial. At the time of sentencing or at any time that the court deems it necessary, the court may restrict or deny the defendant's participation in a home detention program.

(f) The correctional administrator may permit home detention program participants to seek and retain employment in the community, attend psychological counseling sessions or educational or vocational training classes, or seek medical and dental assistance. Willful failure of the program participant to return to the place of home detention not later than the expiration of any period of time during which he or she is authorized to be away from the place of home detention pursuant to this section and unauthorized departures from the place of home detention are punishable as provided in Section 4532.

(g) As used in this section, "correctional administrator" means the sheriff, probation officer, or director of the county department of corrections.

(h) (1) Notwithstanding any other law, the correctional administrator shall provide the information specified in paragraph (2) regarding persons on involuntary home detention to the Corrections Standards Authority,

and upon request, shall provide that information to the law enforcement agency of a city or unincorporated area where an office is located to which persons on involuntary home detention report.

(2) The information required by paragraph (1) shall consist of the following:

(A) The participant's name, address, and date of birth.

(B) The offense committed by the participant.

(C) The period of time the participant will be placed on home detention.

(D) Whether the participant successfully completed the prescribed period of home detention or was returned to a county correctional facility, and if the person was returned to a county correctional facility, the reason for that return.

(E) The gender and ethnicity of the participant.

(3) Any information received by a police department pursuant to this subdivision shall be used only for the purpose of monitoring the impact of home detention programs on the community.

(i) It is the intent of the Legislature that home detention programs established under this section maintain the highest public confidence, credibility, and public safety. In the furtherance of these standards, the following shall apply:

(1) The correctional administrator, with the approval of the board of supervisors, may administer a home detention program pursuant to written contracts with appropriate public or private agencies or entities to provide specified program services. No public or private agency or entity may operate a home detention program in any county without a written contract with that county's correctional administrator. However, this does not apply to the use of electronic monitoring by the Department of Corrections and Rehabilitation as established in Section 3004. No public or private agency or entity entering into a contract may itself employ any person who is in the home detention program.

(2) Program acceptance shall not circumvent the normal booking process for sentenced offenders. All home detention program participants shall be supervised.

(3) (A) All privately operated home detention programs shall be under the jurisdiction of, and subject to the terms and conditions of the contract entered into with, the correctional administrator.

(B) Each contract shall include, but not be limited to, all of the following:

(i) A provision whereby the private agency or entity agrees to operate in compliance with any available standards promulgated by state correctional agencies and bodies, including the Corrections Standards Authority, and all statutory provisions and mandates, state and county,

as appropriate and applicable to the operation of home detention programs and the supervision of sentenced offenders in a home detention program.

(ii) A provision that clearly defines areas of respective responsibility and liability of the county and the private agency or entity.

(iii) A provision that requires the private agency or entity to demonstrate evidence of financial responsibility, submitted and approved by the board of supervisors, in amounts and under conditions sufficient to fully indemnify the county for reasonably foreseeable public liability, including legal defense costs, that may arise from, or be proximately caused by, acts or omissions of the contractor. The contract shall provide for annual review by the correctional administrator to ensure compliance with requirements set by the board of supervisors and for adjustment of the financial responsibility requirements if warranted by caseload changes or other factors.

(iv) A provision that requires the private agency or entity to provide evidence of financial responsibility, such as certificates of insurance or copies of insurance policies, prior to commencing any operations pursuant to the contract or at any time requested by the board of supervisors or correctional administrator.

(v) A provision that permits the correctional administrator to immediately terminate the contract with a private agency or entity at any time that the contractor fails to demonstrate evidence of financial responsibility.

(C) All privately operated home detention programs shall comply with all appropriate, applicable ordinances and regulations specified in subdivision (a) of Section 1208.

(D) The board of supervisors, the correctional administrator, and the designee of the correctional administrator shall comply with Section 1090 of the Government Code in the consideration, making, and execution of contracts pursuant to this section.

(E) The failure of the private agency or entity to comply with statutory provisions and requirements or with the standards established by the contract and with the correctional administrator may be sufficient cause to terminate the contract.

(F) Upon the discovery that a private agency or entity with whom there is a contract is not in compliance pursuant to this paragraph, the correctional administrator shall give 60 days' notice to the director of the private agency or entity that the contract may be canceled if the specified deficiencies are not corrected.

(G) Shorter notice may be given or the contract may be canceled without notice whenever a serious threat to public safety is present because the private agency or entity has failed to comply with this section.

(j) Inmates participating in this program shall not be charged fees or costs for the program.

(k) For purposes of this section, “evidence of financial responsibility” may include, but is not limited to, certified copies of any of the following:

- (1) A current liability insurance policy.
- (2) A current errors and omissions insurance policy.
- (3) A surety bond.

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 help relieve jail overcrowding and ensure inmates are serving full sentences to the extent practicable, it is necessary that this act take effect immediately.

CHAPTER 253

An act to amend Section 711.4 of the Fish and Game Code, to amend Section 115843.5 of the Health and Safety Code, and to amend Section 21161 of the Public Resources Code, relating to environmental quality, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 711.4 of the Fish and Game Code is amended to read:

711.4. (a) The department shall impose and collect a filing fee in the amount prescribed in subdivision (d) to defray the costs of managing and protecting fish and wildlife trust resources, including, but not limited to, consulting with other public agencies, reviewing environmental documents, recommending mitigation measures, developing monitoring requirements for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), consulting pursuant to Section 21104.2 of the Public Resources Code, and other activities protecting those trust resources identified in the review pursuant to the California Environmental Quality Act.

(b) The filing fees shall be proportional to the cost incurred by the department and shall be annually reviewed and adjustments recommended to the Legislature in an amount necessary to pay the full costs of

department programs as specified. The department shall annually adjust the fees pursuant to Section 713.

(c) (1) All project applicants and public agencies subject to the California Environmental Quality Act shall pay a filing fee for each proposed project, as specified in subdivision (d).

(2) Notwithstanding paragraph (1), a filing fee shall not be paid pursuant to this section if any of the following conditions exist:

(A) The project has no effect on fish and wildlife.

(B) The project is being undertaken by the department.

(C) The project costs are payable by the department from any of the following sources that are held by the department:

(i) The Public Resources Account in the Cigarette and Tobacco Products Surtax Fund.

(ii) The California Wildlife, Coastal, and Park Land Conservation Fund of 1988.

(iii) The Habitat Conservation Fund.

(iv) The Fisheries Restoration Account in the Fish and Game Preservation Fund.

(v) The Commercial Salmon Stamp Account in the Fish and Game Preservation Fund.

(vi) Striped bass stamp funds collected pursuant to Section 7360.

(vii) The California Ocean Resource Enhancement Account.

(D) The project is implemented by the department through a contract with either a nonprofit entity or a local government agency.

(3) Filing fees shall be paid at the time and in the amount specified in subdivision (d). Notwithstanding Sections 21080.5 and 21081 of the Public Resources Code, a project shall not be operative, vested, or final, and local government permits for the project shall not be valid, until the filing fees required pursuant to this section are paid.

(d) The fees shall be in the following amounts:

(1) For a project that is statutorily or categorically exempt from the California Environmental Quality Act, including those certified regulatory programs that incorporate statutory and categorical exemptions, a filing fee shall not be paid.

(2) For a project for which a negative declaration is prepared pursuant to subdivision (c) of Section 21080 of the Public Resources Code, the filing fee is one thousand eight hundred dollars (\$1,800). A local agency collecting the filing fee shall remit the fee to the county clerk at the time of filing a notice of determination pursuant to Section 21152 of the Public Resources Code. A state agency collecting the filing fee shall remit the fee to the Office of Planning and Research at the time of filing a notice of determination pursuant to Section 21108 of the Public Resources Code.

(3) For a project with an environmental impact report prepared pursuant to the California Environmental Quality Act, the filing fee is two thousand five hundred dollars (\$2,500). A local agency collecting the filing fee shall remit the fee to the county clerk at the time of filing a notice of determination pursuant to Section 21152 of the Public Resources Code. A state agency collecting the filing fee shall remit the fee to the Office of Planning and Research at the time of filing a notice of determination pursuant to Section 21108 of the Public Resources Code.

(4) For a project that is subject to a certified regulatory program pursuant to Section 21080.5 of the Public Resources Code, the filing fee is eight hundred fifty dollars (\$850). The filing fee shall be paid to the department before the filing of the notice of determination pursuant to Section 21080.5 of the Public Resources Code.

(e) The county clerk may charge a documentary handling fee of fifty dollars (\$50) per filing in addition to the filing fee specified in subdivision (d).

(1) The county clerk of each county and the Office of Planning and Research shall maintain a record, both electronic and in paper, of all environmental documents received. The record shall include, for each environmental document received, the name of each applicant or lead agency, the document filing number, the project name as approved by the lead agency, and the filing date. The record shall be made available for examination or audit by authorized personnel of the department during normal business hours.

(2) The filing fee imposed and collected pursuant to subdivision (d) shall be remitted monthly to the department within 30 days after the end of each month. The remittance shall be accompanied with the information required pursuant to paragraph (1). The amount of fees due shall be reported on forms prescribed and provided by the department.

(3) The department shall assess a penalty of 10 percent of the amount of fees due for a failure to remit the amount payable when due. The department may pursue collection of delinquent fees through the Controller's office pursuant to Section 12419.5 of the Government Code.

(f) Notwithstanding Section 12000, failure to pay the fee under subdivision (d) is not a misdemeanor. All unpaid fees are a statutory assessment subject to collection under procedures as provided in the Revenue and Taxation Code.

(g) Only one filing fee shall be paid for each project unless the project is tiered or phased, or separate environmental documents are required.

(h) This section does not preclude or modify the duty of the department to recommend, require, permit, or engage in mitigation activities pursuant to the California Environmental Quality Act.

(i) The permit process of the California Coastal Commission, as certified by the Secretary of the Resources Agency, is exempt from the payment of the filing fees prescribed by paragraph (4) of subdivision (d) insofar as the permits are issued under any of the following regulations:

(1) Subchapter 4 (commencing with Section 13136) of Chapter 5 of Division 5.5 of Title 14 of the California Code of Regulations.

(2) Subchapter 1 (commencing with Section 13200), Subchapter 3 (commencing with Section 13213), Subchapter 3.5 (commencing with Section 13214), Subchapter 4 (commencing with Section 13215), Subchapter 4.5 (commencing with Section 13238), Subchapter 5 (commencing with Section 13240), Subchapter 6 (commencing with Section 13250), and Subchapter 8 (commencing with Section 13255.0) of Chapter 6 of Division 5.5 of Title 14 of the California Code of Regulations.

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.

SEC. 3. Section 21161 of the Public Resources Code is amended to read:

21161. Whenever a public agency has completed an environmental impact report, it shall cause a notice of completion of that report to be filed with the Office of Planning and Research. The notice of completion shall briefly identify the project and shall indicate that an environmental impact report has been prepared. The notice of completion shall identify

the project location by latitude and longitude. Failure to file the notice required by this section shall not affect the validity of a project.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

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:

To ensure the protection of the environment at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 254

An act to amend Sections 2201, 2205, 2211, 3752, 10231, and 10239 of the Public Resources Code, relating to conservation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 26, 2007. Filed with
Secretary of State September 26, 2007.]

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

SECTION 1. Section 2201 of the Public Resources Code is amended to read:

2201. The division shall carry out programs, in cooperation with federal, state, and local government agencies, that will reduce the loss of life and property, and protect the environment, by mitigating geologic hazards. Specific activities to be carried out by the division include, but are not limited to, all of the following:

(a) Hazard assessment, including identification and mapping of geologic hazards and estimates of their potential consequences to life, property, and the environment, and likelihood of occurrence.

(b) Information and advisory services, including the maintenance of a geologic library, a public education program, maintenance of a geologic data base, review functions, and expert consulting to federal, state, and local government agencies.

(c) Emergency response to geologic hazards, including, but not limited to, those related to natural disasters, including monitoring and assessment

of anomalous geologic activity, and operation of a clearinghouse for postevent earth science investigations.

(d) Development and application of mitigation methods, including identifying state research needs, facilitating needed research, and expediting the application of new research results to public policy and all division activities related to geologic hazards.

SEC. 2. Section 2205 of the Public Resources Code is amended to read:

2205. The State Geologist may:

(a) Make, facilitate, and encourage special studies of the mineral resources, mineral industries, and geology of the state.

(b) Collect statistics concerning the occurrence and production of the economically important minerals and the methods pursued in making their valuable constituents available for commercial use.

(c) Conduct, with governmental and nongovernmental entities, geological investigations, studies, and other activities for purposes, including, but not limited to, the timely identification, delineation, and assessment of geological hazards and their potential consequences.

(d) Identify and delineate deposits of mineral raw materials in order to prevent their loss to urban encroachment and to assist in their ultimate utilization; and enter into, as the need arises, cooperative agreements, for geological or mineral industry investigations, with cities, cities and counties, counties, federal agencies, and universities, which may provide for cost-sharing or cooperative funding.

(e) Maintain a laboratory to provide support to the division staff and to conduct such other investigations in the line of physical and chemical testing and analysis and mineral identification as may be required in the execution of the plans and operations of the division under this chapter.

(f) Issue from time to time reports and maps concerning the geology of this state and the statistics and technology of the mineral industries of this state, including results of investigations in mineral resources conservation practices, the use and recycling of scrap mineral products, the control, disposal, reclamation, and utilization of mining and mineral processing waste products, and the reclamation of mined lands.

(g) Conduct, with cities or counties, other state agencies, universities, federal agencies, or private industry, investigations in mining and metallurgy, including the use and recycling of scrap mineral products, and land use practices as these apply to mineral resources conservation, and enter into, as the need arises, cooperative or contractual agreements for those investigations that may provide for cost-sharing or cooperative funding.

(h) Conduct, with cities and counties, other state agencies, universities, federal agencies, or private industry, investigations in the study and

development of methods for the control, disposal, reclamation, and utilization of mining and mineral processing waste products and the reclamation of mined lands, and enter into, as the need arises, cooperative or contractual agreements for those investigations, that may provide for cost-sharing or cooperative funding.

(i) Enter into, as the need arises, agreements, including contracts, grant agreements, and cooperative agreements, with cities, cities and counties, counties, federal agencies, nongovernmental entities, and universities, that may provide funding for activities of the California Geological Survey and for the activities of the department that are directly related to the activities of the California Geological Survey. For purposes of this subdivision and subdivision (c), "nongovernmental entities" include, but are not limited to, private academic institutions and nonprofit organizations.

SEC. 3. Section 2211 of the Public Resources Code is amended to read:

2211. The department is the primary state agency responsible for geologic hazard review and investigation, including, but not limited to, investigation of geologic hazards that may occur in relation to natural disasters. In that capacity, the department is responsible for the seismological, geological, and strong motion aspects of earthquake and other geological hazards investigations.

SEC. 4. Section 3752 of the Public Resources Code is amended to read:

3752. (a) (1) Except as otherwise provided in this section, all the well records, including production records, of an owner or operator that are filed pursuant to this chapter are public records for purposes of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(2) Those records are public records when filed with the division, unless the owner or operator requests, in writing, that the division maintain the well records as confidential information. The confidential period shall not exceed five years from the cessation of drilling operations as specified in subdivision (e).

(3) Well records that are maintained as confidential information by the division shall be open to inspection by those persons whom the owner or operator authorizes in writing. Confidential status shall not apply to state officers charged with regulating well operations, the director, or as provided in subdivision (c).

(4) On receipt by the supervisor of a written request documenting extenuating circumstances relating to a particular well, including a well on an expired or terminated lease, the supervisor may extend the period of confidentiality for six months. The total period of confidentiality,

including all extensions, shall not exceed seven years from the cessation of drilling operations as specified in subdivision (e), unless the director approves a longer period after a 30-day public notice and comment period. The director shall initiate and conduct a public hearing on receipt of a written complaint.

(b) Notwithstanding subdivision (a), the well records shall become public records when the supervisor is notified that the lease has expired or terminated.

(c) Production reports filed pursuant to Section 3745 shall be open to inspection by the State Board of Equalization or its duly appointed representative when making a survey pursuant to Section 1815 of the Revenue and Taxation Code or when valuing state-assessed property pursuant to Section 755 of the Revenue and Taxation Code, and by the assessor of the county in which a well referred to in Section 3745 is located.

(d) For the purposes of this section, "well records" does not include either experimental logs and tests or interpretive data not generally available to all operators, as defined by the supervisor by regulation.

(e) For purposes of this section, the cessation of drilling operations occurs on the date of removal of drilling machinery from the well site.

SEC. 5. Section 10231 of the Public Resources Code is amended to read:

10231. Money available from the fund shall be utilized in accordance with the expenditures and distribution authorized, required, or otherwise provided in the program for grants for the acquisition of agricultural conservation easements or fee title. This includes direct costs incidental to the acquisition, as determined by the department, including costs associated with a loss in property tax revenues resulting from the acquisition of those agricultural conservation easements. Direct costs paid to the applicant shall have been incurred after the complete application was submitted to the department and no more than 180 days before the execution of the grant agreement or during the grant term, and shall not exceed 10 percent of the value of the easements for which the costs were incurred.

SEC. 6. Section 10239 of the Public Resources Code is amended to read:

10239. The director shall disburse funds to an applicant for a grant for the acquisition of fee title to agricultural land only if the applicant agrees to all of the following conditions:

(a) Upon acquisition of the property, treat the property as encumbered by an agricultural conservation easement subject to this division and approved by the department.

(b) Sell the fee title subject to an agricultural conservation easement approved by the department to a private landowner within three years of the acquisition of the fee title.

(c) Reimburse the fund directly from escrow within 30 days after the sale of the restricted fee title by an amount equal to the department's proportional share of the net proceeds of the sale.

(1) The "net proceeds of the sale" is defined as the fair market value of the land less the value of the easement and associated transaction costs.

(2) The department's proportional share of the net proceeds of the sale shall be calculated using a factor reflecting the department's proportional share of the purchase price paid by the applicant in the original acquisition of fee title, taking into account contributions from all sources toward that original purchase price.

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:

To ensure that public safety is adequately protected, it is necessary that this act take effect immediately.

CHAPTER 255

An act to amend Section 22820 of the Government Code, relating to firefighters, and making an appropriation therefor.

[Approved by Governor September 29, 2007. Filed with
Secretary of State September 29, 2007.]

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 Fallen Federal Firefighter Survivor Assistance Act of 2007.

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

(a) Five of the state's finest and bravest gave their lives in the line of duty last fall battling to protect a home in the midst of the blistering Esperanza Fire near Cabazon in Riverside County.

(b) Captain Mark Loutzenhiser and Engine Operators Jess McLean, Jason McKay, Daniel Hoover-Najera, and Pablo Cerda died after their engine was burned over while battling the wind-whipped fire, which grew to more than 24,000 acres in just 24 hours.

(c) Of the five fallen firefighters, both Captain Loutzenhiser and Engine Operator McLean were career civilian federal firefighters who resided in California, served on Engine 57 at the San Jacinto Ranger Station in Idyllwild, and left behind surviving family members.

(d) When a firefighter makes the ultimate sacrifice for the public's safety, his or her family also makes a huge sacrifice in the lost years of love and support. A fallen firefighter's family is also left behind with a multitude of uncertainties that accompany their grief and sorrow.

(e) When a firefighter is killed in the line of duty, he or she not only leaves behind a family who must suffer the loss of a loved one, but also a family that may be faced with a severe financial squeeze. This financial loss can take a terrible toll on the surviving family's pocketbook and ultimately makes the cost of acquiring adequate health insurance virtually impossible.

(f) The existing state-funded program to assist uninsured spouses and children of fallen firefighters and police officers in purchasing medical and dental benefits was intended to apply to any surviving uninsured spouse or child of a fallen California firefighter.

(g) It is the intent of the Legislature to clarify that Section 22820 of the Government Code applies to those survivors of California federal firefighters killed in the line of duty.

SEC. 3 Section 22820 of the Government Code is amended to read:
22820. (a) Upon the death, on or after January 1, 2002, of a firefighter employed by a county, city, city and county, district, or other political subdivision of the state, a firefighter employed by the Department of Forestry and Fire Protection, a firefighter employed by the federal government who was a resident of this state and whose regular duty assignment was to perform firefighting services within this state, or a peace officer as defined in Section 830.1, 830.2, 830.3, 830.31, 830.32, 830.33, 830.34, 830.35, 830.36, 830.37, 830.38, 830.39, 830.4, 830.5, 830.55, or 830.6 of the Penal Code, if the death occurred as a result of injury or disease arising out of and in the course of his or her official duties, the surviving spouse or other eligible family member of the deceased firefighter or peace officer, if uninsured, is deemed to be an annuitant under Section 22760 for purposes of enrollment. All eligible family members of the deceased firefighter or peace officer who are uninsured may enroll in a health benefit plan of the surviving spouse's choice. However, an unmarried child of the surviving spouse is not eligible to enroll in a health benefit plan under this section if the child was not a family member under Section 22775 and regulations pertinent thereto prior to the firefighter's or peace officer's date of death. The employer of the deceased firefighter or peace officer shall notify the board within 10 days of the death of the employee if a spouse or family

member may be eligible for enrollment in a health benefit plan under this section.

(b) Upon notification, the board shall promptly determine eligibility and shall forward to the eligible spouse or family member the materials necessary for enrollment. In the event of a dispute regarding whether a firefighter's or peace officer's death occurred as a result of injury or disease arising out of and in the course of his or her official duties as required under subdivision (a), that dispute shall be determined by the Workers' Compensation Appeals Board, subject to the same procedures and standards applicable to hearings relating to claims for workers' compensation benefits. The jurisdiction of the Workers' Compensation Appeals Board under this section is limited to the sole issue of industrial causation and this section does not authorize the Workers' Compensation Appeals Board to award costs against the system.

(c) (1) Notwithstanding any other provision of law, and except as otherwise provided in subdivision (d), the state shall pay the employer contribution required for enrollment under this part for the uninsured surviving spouse of a deceased firefighter or peace officer for life, and the other uninsured eligible family members of a deceased firefighter or peace officer, provided the family member meets the eligibility requirements of Section 22775 and regulations pertinent thereto.

(2) The contribution payable by the state for each uninsured surviving spouse and other uninsured eligible family members shall be adjusted annually and be equal to the amount specified in Section 22871.

(3) The state's contribution under this section shall commence on the effective date of enrollment of the uninsured surviving spouse or other uninsured eligible family members. The contribution of each surviving spouse and eligible family member shall be the total cost per month of the benefit coverage afforded him or her under the plan less the portion contributed by the state pursuant to this section.

(d) The cancellation of coverage by an annuitant, as defined in this section, shall be final without option to reenroll, unless coverage is canceled because of enrollment in an insurance plan from another source.

(e) For purposes of this section, "surviving spouse" means a husband or wife who was married to the deceased firefighter or peace officer on the deceased's date of death and either for a continuous period of at least one year prior to the date of death or prior to the date the deceased firefighter or peace officer sustained the injury or disease resulting in death.

(f) For purposes of this section, "uninsured" means that the surviving spouse is not enrolled in an employer-sponsored health plan under which the employer contribution covers 100 percent of the cost of health care premiums.

(g) The board has no duty to identify, locate, or notify any surviving spouse or eligible family member who may be or may become eligible for benefits under this section.

SEC. 4. It is the intent of the Legislature that this act be construed as declaratory of existing law.

CHAPTER 256

An act to add Section 20815.5 to the Government Code, and to add Item 8380-001-8049 to Section 2.00 of Chapter 172 of the Statutes of 2007, the Budget Act of 2007, relating to public employees' retirement, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2007. Filed with
Secretary of State September 29, 2007.]

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

SECTION 1. Section 20815.5 is added to the Government Code, to read:

20815.5. (a) The board shall, within its existing resources, prepare both of the following:

(1) For the joint contract of Butte County and the Butte County trial court, a one-time separate computation of the assets and liabilities of the Butte County trial court and those of Butte County, as determined by the actuary.

(2) For the joint contract of Solano County and the Solano County trial court, a one-time separate computation of the assets and liabilities of the Solano County trial court and those of Solano County, as determined by the actuary.

(b) For purposes of this section and the computation of assets and liabilities, the following shall apply:

(1) A person shall be deemed a trial court employee for service that satisfies either of the following:

(A) If the person was employed by the trial court on January 1, 2001, all continuous service for the county immediately preceding January 1, 2001, regardless of whether that service was as a county employee or a county employee assigned to the trial court.

(B) Any service on or after January 1, 2001, that the person is employed by the trial court.

(2) A person shall be deemed a county employee for service that satisfies any of the following:

(A) Any period of service prior to January 1, 2001, that is not described in subparagraph (A) of paragraph (1).

(B) Any service on or after January 1, 2001, that the person is employed by the county.

(c) On or before March 1, 2008, each respective trial court and county described in subdivision (a) shall identify and send to the board the following information:

(1) Those active, inactive, and retired members that are considered county employees and those active, inactive, and retired members that are considered trial court employees.

(2) Any lump-sum payments previously made by either the county or the trial court to the system that covers the period from January 1, 2001, to January 1, 2008, inclusive.

(d) On or before October 1, 2008, the board shall forward the computation described in subdivision (a) to each respective county and the trial court for that county. The computation shall be based upon the most recent annual actuarial valuation at the time the data described in subdivision (c) is received by the board.

(e) Nothing in this section shall be construed to effect the combined calculation of assets and liabilities for purposes of setting the employer contribution rate for both a county and a trial court as described in subdivision (b) of Section 20815.

SEC. 2. Item 8380-001-8049 is added to Section 2.00 of Chapter 172 of the Statutes of 2007, to read:

8380-001-8049—For support of the Department of Personnel Administration, payable from the Vision Care Program for State Annuitants Fund.....	6,500,000
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Provisions:

1. The funds appropriated in this item are to be expended for the Vision Care Program for State Annuitants.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for the provisions of this act to apply as soon as possible in the 2007–08 fiscal year to facilitate the orderly administration of state

government at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 257

An act to amend Section 12838 of the Government Code, to amend Sections 731, 731.1, 1731.5, 1766, 1767.35, 1952, 1953, 1954, and 1955 of, and to add Sections 1953.5, 1954.1, and 1956 to, the Welfare and Institutions Code, and to amend Section 34 of Chapter 175 of the Statutes of 2007, relating to juveniles, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2007. Filed with
Secretary of State September 29, 2007.]

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

SECTION 1. Section 12838 of the Government Code is amended to read:

12838. (a) There is hereby created in state government the Department of Corrections and Rehabilitation, to be headed by a secretary, who shall be appointed by the Governor, subject to Senate confirmation, and shall serve at the pleasure of the Governor. The Department of Corrections and Rehabilitation shall consist of Adult Operations, Adult Programs, Juvenile Justice, the Corrections Standards Authority, the Board of Parole Hearings, the State Commission on Juvenile Justice, the Prison Industry Authority, and the Prison Industry Board.

(b) The Governor, upon recommendation of the secretary, may appoint two undersecretaries of the Department of Corrections and Rehabilitation, subject to Senate confirmation. The undersecretaries shall hold office at the pleasure of the Governor. One undersecretary shall oversee program support and the other undersecretary shall oversee program operations for the department.

(c) The Governor, upon recommendation of the secretary, shall appoint three chief deputy secretaries, subject to Senate confirmation, who shall hold office at the pleasure of the Governor. One chief deputy secretary shall oversee adult operations, one chief deputy secretary shall oversee adult programs, and one chief deputy secretary shall oversee juvenile justice for the department.

(d) The Governor, upon recommendation of the secretary, shall appoint an assistant secretary, subject to Senate confirmation, who shall be

responsible for health care policy for the department, and shall serve at the pleasure of the Governor.

(e) The Governor, upon recommendation of the secretary, shall appoint an Assistant Secretary for Victim and Survivor Rights and Services, and an Assistant Secretary for Correctional Safety, who shall serve at the pleasure of the Governor.

SEC. 2. Section 731 of the Welfare and Institutions Code, as amended by Chapter 175 of the Statutes of 2007, is amended to read:

731. (a) If a minor is adjudged a ward of the court on the ground that he or she is a person described by Section 602, the court may order any of the types of treatment referred to in Sections 727 and 730 and, in addition, may do any of the following:

(1) Order the ward to make restitution, to pay a fine up to two hundred fifty dollars (\$250) for deposit in the county treasury if the court finds that the minor has the financial ability to pay the fine, or to participate in uncompensated work programs.

(2) Commit the ward to a sheltered-care facility.

(3) Order that the ward and his or her family or guardian participate in a program of professional counseling as arranged and directed by the probation officer as a condition of continued custody of the ward.

(4) Commit the ward to the Department of Corrections and Rehabilitation, Division of Juvenile Facilities, if the ward has committed an offense described in subdivision (b) of Section 707 and is not otherwise ineligible for commitment to the division under Section 733.

(b) The Division of Juvenile Facilities shall notify the Department of Finance when a county recalls a ward pursuant to Section 731.1. The division shall provide the department with the date the ward was recalled and the number of months the ward has served in a state facility. The division shall provide this information in the format prescribed by the department and within the timeframes established by the department.

(c) A ward committed to the Division of Juvenile Facilities may not be held in physical confinement for a period of time in excess of the maximum period of imprisonment that could be imposed upon an adult convicted of the offense or offenses that brought or continued the minor under the jurisdiction of the juvenile court. A ward committed to the Division of Juvenile Facilities also may not be held in physical confinement for a period of time in excess of the maximum term of physical confinement set by the court based upon the facts and circumstances of the matter or matters that brought or continued the ward under the jurisdiction of the juvenile court, which may not exceed the maximum period of adult confinement as determined pursuant to this section. This section does not limit the power of the Board of Parole

Hearings to retain the ward on parole status for the period permitted by Section 1769.

SEC. 3. Section 731.1 of the Welfare and Institutions Code, as amended by Chapter 175 of the Statutes of 2007, is amended to read:

731.1. Notwithstanding any other law, the court committing a ward to the Department of Corrections and Rehabilitation, Division of Juvenile Facilities, upon the recommendation of the chief probation officer of the county, may recall that commitment in the case of any ward whose commitment offense was not an offense listed in subdivision (b) of Section 707, unless the offense was a sex offense set forth in paragraph (3) of subdivision (d) of Section 290 of the Penal Code, and who remains confined in an institution operated by the division on or after September 1, 2007. Upon recall of the ward, the court shall set and convene a recall disposition hearing for the purpose of ordering an alternative disposition for the ward that is appropriate under all of the circumstances prevailing in the case. The court shall provide to the division no less than 15 days advance notice of the recall hearing date, and the division shall transport and deliver the ward to the custody of the probation department of the committing county no less than five days prior to the scheduled date of the recall hearing. Pending the recall disposition hearing, the ward shall be detained or housed in the manner and place, consistent with the requirements of law, as may be directed by the court in its order of recall. The timing and procedure of the recall disposition hearing shall be consistent with the rules, rights, and procedures applicable to delinquency disposition hearings, as described in Article 17 (commencing with Section 675).

SEC. 4. Section 1731.5 of the Welfare and Institutions Code, as amended by Chapter 175 of the Statutes of 2007, is amended to read:

1731.5. (a) After certification to the Governor as provided in this article, a court may commit to the Division of Juvenile Facilities any person who meets all of the following:

(1) Is convicted of an offense described in subdivision (b) of Section 707 or paragraph (3) of subdivision (d) of Section 290 of the Penal Code.

(2) Is found to be less than 21 years of age at the time of apprehension.

(3) Is not sentenced to death, imprisonment for life, with or without the possibility of parole, whether or not pursuant to Section 190 of the Penal Code, imprisonment for 90 days or less, or the payment of a fine, or after having been directed to pay a fine, defaults in the payment thereof, and is subject to imprisonment for more than 90 days under the judgment.

(4) Is not granted probation, or was granted probation and that probation is revoked and terminated.

(b) The Division of Juvenile Facilities shall accept a person committed to it pursuant to this article if it believes that the person can be materially benefited by its reformatory and educational discipline, and if it has adequate facilities to provide that care.

(c) Any person under 18 years of age who is not committed to the division pursuant to this section may be transferred to the authority by the Secretary of the Department of Corrections and Rehabilitation with the approval of the Chief Deputy Secretary for the Division of Juvenile Justice. In sentencing a person under 18 years of age, the court may order that the person shall be transferred to the custody of the Division of Juvenile Facilities pursuant to this subdivision. If the court makes this order and the division fails to accept custody of the person, the person shall be returned to court for resentencing. The transfer shall be solely for the purposes of housing the inmate, allowing participation in the programs available at the institution by the inmate, and allowing division parole supervision of the inmate, who, in all other aspects shall be deemed to be committed to the Department of Corrections and Rehabilitation and shall remain subject to the jurisdiction of the Secretary of the Department of Corrections and Rehabilitation and the Board of Parole Hearings. Notwithstanding subdivision (b) of Section 2900 of the Penal Code, the secretary, with the concurrence of the chief deputy secretary, may designate a facility under the jurisdiction of the chief deputy secretary as a place of reception for any person described in this subdivision.

The chief deputy secretary shall have the same powers with respect to an inmate transferred pursuant to this subdivision as if the inmate had been committed or transferred to the Division of Juvenile Facilities either under the Arnold-Kennick Juvenile Court Law or subdivision (a).

The duration of the transfer shall extend until any of the following occurs:

- (1) The chief deputy secretary orders the inmate returned to the Department of Corrections and Rehabilitation.
- (2) The inmate is ordered discharged by the Board of Parole Hearings.
- (3) The inmate reaches 18 years of age. However, if the inmate's period of incarceration would be completed on or before the inmate's 21st birthday, the chief deputy secretary may continue to house the inmate until the period of incarceration is completed.

SEC. 5. Section 1766 of the Welfare and Institutions Code, as amended by Chapter 175 of the Statutes of 2007, is amended to read:

1766. (a) Subject to Sections 733 and 1767.35, and subdivision (b) of this section, if a person has been committed to the Department of Corrections and Rehabilitation, Division of Juvenile Facilities, the Board of Parole Hearings, according to standardized review and appeal

procedures established by the board in policy and regulation and subject to the powers and duties enumerated in subdivision (a) of Section 1719, may do any of the following:

(1) Permit the ward his or her liberty under supervision and upon conditions it believes are best designed for the protection of the public.

(2) Order his or her confinement under conditions it believes best designed for the protection of the public pursuant to the purposes set forth in Section 1700, except that a person committed to the division pursuant to Sections 731 or 1731.5 may not be held in physical confinement for a total period of time in excess of the maximum periods of time set forth in Section 731. Nothing in this subdivision limits the power of the board to retain the minor or the young adult on parole status for the period permitted by Sections 1769, 1770, and 1771.

(3) Order recommitment or renewed release under supervision as often as conditions indicate to be desirable.

(4) Revoke or modify any parole or disciplinary appeal order.

(5) Modify an order of discharge if conditions indicate that such modification is desirable and when that modification is to the benefit of the person committed to the division.

(6) Discharge him or her from its control when it is satisfied that discharge is consistent with the protection of the public.

(b) The following provisions shall apply to any ward eligible for release on parole on or after September 1, 2007, who was committed to the custody of the Division of Juvenile Facilities for an offense other than one described in subdivision (b) of Section 707 or paragraph (3) of subdivision (d) of Section 290 of the Penal Code:

(1) The county of commitment shall supervise the reentry of any ward released on parole on or after September 1, 2007, who was committed to the custody of the division for committing an offense other than those described in subdivision (b) of Section 707 or paragraph (3) of subdivision (d) of Section 290 of the Penal Code.

(2) Not less than 60 days prior to the scheduled parole consideration hearing of a ward described in this subdivision, the division shall provide to the probation department and the court of the committing county, and the ward's counsel, if known, the most recent written review prepared pursuant to Section 1720, along with notice of the parole consideration hearing date.

(3) Not less than 30 days prior to the scheduled parole consideration hearing of a ward described in this subdivision, the probation department of the committing county may provide the division with its written plan for the reentry supervision of the ward. At the parole consideration hearing, the Board of Parole Hearings shall, in determining whether the

ward is to be released, consider a reentry supervision plan submitted by the county.

(4) Any ward described in this subdivision who is granted parole shall be placed on parole jurisdiction for up to 15 court days following his or her release. The board shall notify the probation department and the court of the committing county within 48 hours of a decision to release a ward.

(5) Within 15 court days of the release by the division of a ward described in this subdivision, the committing court shall convene a reentry disposition hearing for the ward. The purpose of the hearing shall be for the court to identify those conditions of probation that are appropriate under all the circumstances of the case. The court shall, to the extent it deems appropriate, incorporate a reentry plan submitted by the county probation department and reviewed by the board into its disposition order. At the hearing the ward shall be fully informed of the terms and conditions of any order entered by the court, including the consequences for any violation thereof. The procedure of the reentry disposition hearing shall otherwise be consistent with the rules, rights, and procedures applicable to delinquency disposition hearings as described in Article 17 (commencing with Section 675) of Chapter 2 of Part 1 of Division 2.

(6) The division shall have no further jurisdiction over a ward described in this subdivision who is released on parole by the board upon the ward's court appearance pursuant to paragraph (5).

(c) Within 60 days of intake, the division shall provide the court and the probation department with a treatment plan for the ward.

(d) A ward shall be entitled to an appearance hearing before a panel of board commissioners for any action that would result in the extension of a parole consideration date pursuant to subdivision (d) of Section 5076.1 of the Penal Code.

(e) The department shall promulgate policies and regulations to implement this section.

(f) Commencing on July 1, 2004, and annually thereafter, for the preceding fiscal year, the department shall collect and make available to the public the following information:

(1) The total number of ward case reviews conducted by the division and the board, categorized by guideline category.

(2) The number of parole consideration dates for each category set at guideline, above guideline, and below guideline.

(3) The number of ward case reviews resulting in a change to a parole consideration date, including the category assigned to the ward, the amount of time added to or subtracted from the parole consideration date, and the specific reason for the change.

(4) The percentage of wards who have had a parole consideration date changed to a later date, the percentage of wards who have had a parole consideration date changed to an earlier date, and the average annual time added or subtracted per case.

(5) The number and percentage of wards who, while confined or on parole, are charged with a new misdemeanor or felony criminal offense.

(6) Any additional data or information identified by the department as relevant.

(g) As used in subdivision (f), the term “ward case review” means any review of a ward that changes, maintains, or appreciably affects the programs, treatment, or placement of a ward.

SEC. 6. Section 1767.35 of the Welfare and Institutions Code, as amended by Chapter 175 of the Statutes of 2007, is amended to read:

1767.35. Commencing on September 1, 2007, any parolee under the jurisdiction of the Division of Juvenile Parole Operations shall be returned to custody upon the suspension, cancellation, or revocation of parole as follows:

(a) To the custody of the Division of Juvenile Facilities if the parolee is under the jurisdiction of the division for the commission of an offense described in subdivision (b) of Section 707 or an offense described in paragraph (3) of subdivision (d) of Section 290 of the Penal Code.

(b) To the county of commitment if the parolee is under the jurisdiction of the division for the commission of an offense not described in subdivision (b) of Section 707 or paragraph (3) of subdivision (d) of Section 290 of the Penal Code. If a ward subject to this subdivision is detained by the Division of Juvenile Parole Operations for the purpose of initiating proceedings to suspend, cancel, or revoke the ward’s parole, the division shall notify the court and probation department of the committing county within 48 hours of the ward’s detention that the ward is subject to parole violation proceedings. Within 15 days of a parole violation notice from the division, the committing court shall conduct a reentry disposition hearing for the ward. Pending the hearing, the ward may be detained by the division, provided that the division shall deliver the ward to the custody of the probation department in the county of commitment not more than three judicial days nor less than two judicial days prior to the reentry disposition hearing. At the hearing, at which the ward shall be entitled to representation by counsel, the court shall consider the alleged violation of parole, the risks and needs presented by the ward, and the reentry disposition programs and sanctions that are available for the ward, and enter a disposition order consistent with these considerations and the protection of the public. The ward shall be fully informed by the court of the terms, conditions, responsibilities, and sanctions that are relevant to the reentry plan that is adopted by the court.

Upon delivery to the custody of the probation department for local proceedings under this subdivision, the Division of Juvenile Facilities and the Board of Parole Hearings shall have no further jurisdiction or parole supervision responsibility for a ward subject to this subdivision. The procedure of the reentry disposition hearing, including the detention status of the ward in the event continuances are ordered by the court, shall be consistent with the rules, rights, and procedures applicable to delinquency disposition hearings, as described in Article 17 (commencing with Section 675) of Chapter 2 of Part 1 of Division 2.

SEC. 7. Section 1952 of the Welfare and Institutions Code, as amended by Chapter 175 of the Statutes of 2007, is amended to read:

1952. For the 2007–08 fiscal year, all of the following shall apply:

(a) An amount equal to the total of all of the following shall be transferred from the General Fund to the Youthful Offender Block Grant Fund:

(1) One hundred seventeen thousand dollars (\$117,000) per ward multiplied by the average daily population (ADP) for the year for wards who are not committed to the custody of the state pursuant to subdivision (c) of Section 733, and Sections 731.1 and 1767.35.

(2) Fifteen thousand dollars (\$15,000) per parolee multiplied by the ADP for the year for parolees who are supervised by the county of commitment pursuant to subdivision (b) of Section 1766.

(3) An amount equal to 5 percent of the total of paragraphs (1) and (2). This amount shall be reserved by the Controller for distribution by the Department of Finance, upon recommendation of the Corrections Standards Authority, in collaboration with the Division of Juvenile Facilities, for unforeseen circumstances associated with the implementation of the act that added this chapter. This amount is a one-time allocation and shall not be built into the base described in subdivision (a) of Section 1953 unless the Department of Finance finds a continuation of unforeseen circumstances. A county that wishes to seek funds from this reserved amount shall submit a request to the Corrections Standards Authority that outlines the unusual circumstances that exist in the county and why the county's Youthful Offender Block Grant is inadequate to meet the county financial needs to accommodate and supervise youthful offenders pursuant to the act that added this chapter. The Corrections Standards Authority shall submit its recommendation to the Department of Finance for approval.

(b) Any portion of the funds described in paragraph (3) of subdivision (a) that is unused during the 2007–08 fiscal year shall revert to the General Fund.

SEC. 8. Section 1953 of the Welfare and Institutions Code, as amended by Chapter 175 of the Statutes of 2007, is amended to read:

1953. For the 2008–09 fiscal year, the total of the following amounts shall be transferred from the General Fund to the Youthful Offender Block Grant Fund:

(a) The amount transferred to the Youthful Offender Block Grant Fund for the 2007–08 fiscal year, as described in subdivision (a) of Section 1952, adjusted to account for full-year impacts.

(b) One hundred seventeen thousand dollars (\$117,000) per ward multiplied by the ADP for the year for wards who are not committed to the custody of the state pursuant to subdivision (c) of Section 733, and Sections 731.1 and 1767.35.

(c) Fifteen thousand dollars (\$15,000) per parolee multiplied by the ADP for the year for parolees who are supervised by the county of commitment pursuant to subdivision (b) of Section 1766.

SEC. 9. Section 1953.5 is added to the Welfare and Institutions Code, to read:

1953.5. For the 2009–10 fiscal year, the total of the following amounts shall be transferred from the General Fund to the Youthful Offender Block Grant Fund:

(a) The amount transferred to the Youthful Offender Block Grant Fund for the 2008–09 fiscal year, as described in subdivision (a) of Section 1952, adjusted to account for full-year impacts.

(b) One hundred seventeen thousand dollars (\$117,000) per ward multiplied by the ADP for the year for wards who are not committed to the custody of the state pursuant to subdivision (c) of Section 733, and Sections 731.1 and 1767.35.

(c) Fifteen thousand dollars (\$15,000) per parolee multiplied by the ADP for the year for parolees who are supervised by the county of commitment pursuant to subdivision (b) of Section 1766.

SEC. 10. Section 1954 of the Welfare and Institutions Code, as amended by Chapter 175 of the Statutes of 2007, is amended to read:

1954. For the 2010–11 fiscal year, and each year thereafter, an amount shall be transferred from the General Fund to the Youthful Offender Block Grant Fund equal to that amount transferred to the Youthful Offender Block Grant Fund for the 2009–10 fiscal year, as described in subdivisions (a), (b), and (c) of Section 1953.5, adjusted to account for full-year impacts.

SEC. 11. Section 1954.1 is added to the Welfare and Institutions Code, to read:

1954.1. For each fiscal year, the Director of Finance shall determine the total amount of the Youthful Offender Block Grant and the allocation for each county, pursuant to Sections 1955 and 1956, and shall report those findings to the Controller. The Controller shall make an allocation

from the Youthful Offender Block Grant Fund to each county in accordance with the report.

SEC. 12. Section 1955 of the Welfare and Institutions Code, as amended by Chapter 175 of the Statutes of 2007, is amended to read:

1955. (a) The allocation amount for each county from the Youthful Offender Block Grant Fund for offenders subject to Sections 733, 1766, and 1767.35 shall be distributed once annually as follows:

(1) Fifty percent based on the number of the county's juvenile felony court dispositions, according to the most recent data compiled by the Department of Justice, calculated as a percentage of the state total.

(2) Fifty percent based on the county's population of minors from 10 to 17 years of age, inclusive, according to the most recent data published by the Department of Justice, calculated as a percentage of the state total.

(b) Each county shall receive a minimum block grant allocation of fifty-eight thousand five hundred dollars (\$58,500) for the 2007–08 fiscal year, and a minimum block grant allocation of one hundred seventeen thousand dollars (\$117,000) for each fiscal year thereafter.

(c) Commencing with the 2008–09 fiscal year, allocations shall be available to counties that have met the requirements of Section 1961.

SEC. 13. Section 1956 is added to the Welfare and Institutions Code, to read:

1956. The allocation for any eligible county from the Youthful Offender Block Grant Fund for offenders subject to Section 731.1 shall be determined by the Department of Finance, consistent with the ADP methodology and fiscal parameters used in Sections 1952, 1953, and 1953.5, for the corresponding fiscal year.

SEC. 14. Section 34 of Chapter 175 of the Statutes of 2007 is amended to read:

Sec. 34. The Corrections Standards Authority shall allocate funding for two one-time probation pilot projects. Each pilot project shall be funded at five million dollars (\$5,000,000) and shall be provided to one county probation department. The funds shall be available for expenditure by the county probation departments for a period of three years. The overall purpose of the pilot projects is to test models for reducing the number of offenders coming to state prison.

(a) One pilot project shall be provided to one county probation department in a large, urban county. The funding for the pilot project may be used to fund prevention or supervision services for probationers. The pilot project shall target 18 to 25 year-old, inclusive, probationers with known gang affiliations. The pilot project should target probationers within a jurisdiction or jurisdictions within a county that are known gang "hot spots." The grantee county probation department shall work with other local law enforcement agencies, as necessary to coordinate the

project and enhance services to the gang “hot spot.” The Corrections Standards Authority shall require that the county probation department provide a report and evaluation of this pilot project.

(b) One pilot project shall be provided to the Alameda County Probation Department. The funding for the pilot project may be used to fund efforts to de-escalate community conflict and encourage mediation among probationers and other at-risk populations. The funding may also be used for employment development and education programs. The pilot project must include collaborative efforts with community-based organizations and service providers. The pilot project shall target probationers and other at-risk populations. The Corrections Standards Authority shall require that the county probation department provide a report and evaluation of this pilot project.

SEC. 15. 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 2007 at the earliest time possible, it is necessary that this act take effect immediately.

CHAPTER 258

An act to amend Section 97 of the Streets and Highways Code, relating to highways.

[Approved by Governor October 1, 2007. Filed with
Secretary of State October 1, 2007.]

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

SECTION 1. Section 97 of the Streets and Highways Code is amended to read:

97. (a) A state highway segment shall be designated by the department as a Safety Enhancement-Double Fine Zone if all of the following conditions have been satisfied:

(1) The highway segment is eligible for designation pursuant to subdivision (b).

(2) The Director of Transportation, in consultation with the Commissioner of the California Highway Patrol, certifies that the segment identified in subdivision (b) meets all of the following criteria:

(A) The highway segment is a conventional highway or expressway and is part of the state highway system.

(B) The rate of total collisions per mile per year on the segment under consideration has been at least 1.5 times the statewide average for similar roadway types during the most recent three-year period for which data are available.

(C) The rate of head-on collisions per mile per year on the segment under consideration has been at least 1.5 times the statewide average for similar roadway types during the most recent three-year period for which data are available.

(3) The Department of the California Highway Patrol or local agency having traffic enforcement jurisdiction, as the case may be, has concurred with the designation.

(4) The governing board of each city, or county with respect to an unincorporated area, in which the segment is located has by resolution indicated that it supports the designation.

(5) An active public awareness effort to change driving behavior is ongoing either by the local agency with jurisdiction over the segment or by another state or local entity.

(6) Other traffic safety enhancements, including, but not limited to, increased enforcement and other roadway safety measures, are in place or are being implemented concurrent with the designation of the Safety Enhancement-Double Fine Zone.

(b) The following segments are eligible for designation as a Safety Enhancement-Double Fine Zone pursuant to subdivision (a):

State Highway Route 12 between the State Highway Route 80 junction in Solano County and the State Highway Route 5 junction in San Joaquin County.

(c) Designation of a segment as a Safety Enhancement-Double Fine Zone by the department shall be done in writing and a written notification shall be provided to the court with jurisdiction over the area in which the highway segment is located. The designation shall be valid for a minimum of two years from the date of submission to the court.

(d) After the two-year period, and at least every two years thereafter, the department, in consultation with the Department of the California Highway Patrol, shall evaluate whether the highway segment continues to meet the conditions set forth in subdivision (a). If the segment meets those conditions, the department shall renew the designation in which case an updated notification shall be sent to the court. If the department, in consultation with the Department of the California Highway Patrol, determines that any of those conditions no longer apply to a segment designated as a Safety Enhancement-Double Fine Zone under this section,

the department shall revoke the designation and the segment shall cease to be a Safety Enhancement-Double Fine Zone.

(e) A Safety Enhancement-Double Fine Zone is subject to the rules and regulations adopted by the department prescribing uniform standards for warning signs to notify motorists that, pursuant to Section 42010 of the Vehicle Code, increased penalties apply for traffic violations that are committed within a Safety Enhancement-Double Fine Zone.

(f) (1) The department or the local authority having jurisdiction over these highway and road segments shall place and maintain the warning signs identifying these segments by stating that a "Special Safety Zone Region Begins Here" and a "Special Safety Zone Ends Here."

(2) Increased penalties shall apply to violations under Section 42010 of the Vehicle Code only if appropriate signage is in place pursuant to this subdivision.

(3) If designation as a Safety Enhancement-Double Fine Zone is revoked pursuant to subdivision (d), the department shall be responsible for removal of all signage placed pursuant to this subdivision.

(g) Safety Enhancement-Double Fine Zones do not increase the civil liability of the state or local authority having jurisdiction over the highway segment under Division 3.6 (commencing with Section 810) of Title 1 of the Government Code or any other provision of law relating to civil liability.

(1) Only the base fine shall be enhanced pursuant to this section.

(2) Notwithstanding any other provision of law, any additional penalty, forfeiture, or assessment imposed by any other statute shall be based on the amount of the base fine before enhancement or doubling and shall not be based on the amount of the enhanced fine imposed pursuant to this section.

(h) The projects specified as a Safety Enhancement-Double Fine Zone shall not be elevated in priority for state funding purposes.

(i) The requirements of subdivision (a) shall not apply to the Safety Enhancement-Double Fine Zone established prior to the effective date of this subdivision pursuant to Section 97.4.

(j) The department shall conduct a Safety Enhancement-Double Fine Zone study that relates to pedestrian injuries and fatalities and evaluates the appropriateness of adding additional criteria to subdivision (a) and whether changes or additional criteria should be considered for adoption.

(k) The department shall conduct an evaluation of the effectiveness of all double fine zones that will terminate the same calendar year and submit its findings in one report to the Assembly Committee on Transportation and the Senate Committee on Transportation and Housing one year prior to the termination of the double fine zones. The report

shall include a recommendation on whether the zones should be reauthorized by the Legislature.

CHAPTER 259

An act to amend Sections 7292, 7295, 7295.4, 7296, 7296.4, 7299.1, 7299.4, 7299.5, and 7299.8 of the Government Code, relating to bilingual services.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 7292 of the Government Code is amended to read:

7292. (a) Every state agency, as defined in Section 11000, except the State Compensation Insurance Fund, directly involved in the furnishing of information or the rendering of services to the public whereby contact is made with a substantial number of non-English-speaking people, shall employ a sufficient number of qualified bilingual persons in public contact positions to ensure provision of information and services to the public, in the language of the non-English-speaking person.

(b) For the purposes of this chapter, the furnishing of information or rendering of services includes, but is not limited to, providing public safety, protection, or prevention, administering state benefits, implementing public programs, managing public resources or facilities, holding public hearings, and engaging in any other state program or activity that involves public contact.

SEC. 2. Section 7295 of the Government Code is amended to read:

7295. Any materials explaining services available to the public shall be translated into any non-English language spoken by a substantial number of the public served by the agency. Whenever notice of the availability of materials explaining services available is given, orally or in writing, it shall be given in English and in the non-English language into which any materials have been translated. The determination of when these materials are necessary when dealing with local agencies shall be left to the discretion of the local agency.

SEC. 3. Section 7295.4 of the Government Code is amended to read:

7295.4. Whenever a state agency finds that the factors listed in both subdivisions (a) and (c) or (b) and (c) exist, it shall distribute the

applicable written materials in the appropriate non-English language through its local offices or facilities to non-English-speaking persons, or, as an alternative, the state agency may instead elect to furnish translation aids, translation guides, or provide assistance, through use of a qualified bilingual person, at its local offices or facilities in completing English forms or questionnaires and in understanding English forms, letters, or notices:

(a) The written materials, whether forms, applications, questionnaires, letters, or notices solicit or require the furnishing of information from an individual or provide that individual with information.

(b) The information solicited, required, or furnished affects or may affect the individual's rights, duties, or privileges with regard to that agency's services or benefits.

(c) The local office or facility of the agency with which the individual is dealing, serves a substantial number of non-English-speaking persons.

SEC. 4. Section 7296 of the Government Code is amended to read:

7296. (a) As used in this chapter, a "qualified bilingual person," "qualified bilingual employee," or "qualified interpreter" is a person who is proficient in both the English language and the non-English language to be used. For any state agency, "qualified" means one of the following:

(1) A bilingual person or employee who the State Personnel Board has tested and certified as proficient in the ability to understand and convey in English and a non-English language commonly used terms and ideas, including terms and ideas regularly used in state government.

(2) A bilingual employee who was tested and certified by a state agency or other testing authority approved by the State Personnel Board as proficient in the ability to understand and convey in English and a non-English language commonly used terms and ideas, including terms and ideas regularly used in state government.

(3) An interpreter who has met the testing or certification standards established by the State Personnel Board for outside or contract interpreters, as proficient in the ability to communicate commonly used terms and ideas between the English language and the non-English language to be used and has knowledge of basic interpreter practices, including, but not limited to, confidentiality, neutrality, accuracy, completeness, and transparency.

(b) The determination of what constitutes "qualified" for local agencies, shall be left to the discretion of the local agency.

SEC. 5. Section 7296.4 of the Government Code is amended to read:

7296.4. As used in Section 7292, "a sufficient number of qualified bilingual persons in public contact positions" is the number required to provide the same level of services to non-English-speaking persons as

is available to English-speaking persons seeking these services. However, where the local office or facility of the state employs the equivalent of 25 or fewer regular, full-time employees, it shall constitute compliance with the requirements of this chapter if a sufficient number of qualified bilingual persons are employed in public contact positions, or as qualified interpreters to assist those in those positions, to provide the same level of services to non-English-speaking persons as is available to English-speaking persons seeking the services from the office or facility.

SEC. 6. Section 7299.1 of the Government Code is amended to read:

7299.1. State agencies may, utilizing existing funds, contract for telephone-based interpretation services in addition to employing qualified bilingual persons in public contact positions.

SEC. 7. Section 7299.4 of the Government Code is amended to read:

7299.4. (a) Notwithstanding any other provision in this chapter, each state agency shall conduct an assessment and develop and update an implementation plan that complies with the requirements of this chapter.

(b) Each agency shall conduct a survey of each of its local offices every two years to determine all of the following:

- (1) The number of public contact positions in each local office.
- (2) The number of qualified bilingual employees in public contact positions in each local office, and the languages they speak, other than English.
- (3) The number and percentage of non-English-speaking people served by each local office, broken down by native language.
- (4) The number of anticipated vacancies in public contact positions.
- (5) Whether the use of other available options, including contracted telephone-based interpretation services, in addition to qualified bilingual persons in public contact positions, is serving the language needs of the people served by the agency.
- (6) A list of all written materials that are required to be translated or otherwise made accessible to non- or limited-English-speaking individuals by Sections 7295.2 and 7295.4.
- (7) A list of materials identified in paragraph (6) that have been translated and languages into which they have been translated.
- (8) The number of additional qualified bilingual public contact staff, if any, needed at each local office to comply with this chapter.
- (9) Any other relevant information requested by the State Personnel Board.

(c) Each agency shall calculate the percentage of non-English-speaking people served by each local office by rounding the percentage arrived at to the nearest whole percentage point.

The survey results shall be reported on forms provided by the State Personnel Board, and delivered to the board not later than October 1 of every even-numbered year beginning with 2008.

(d) Beginning in 2009 and in every odd-numbered year thereafter, each state agency shall develop an implementation plan that, at a minimum, addresses all of the following:

(1) The name, position, and contact information of the employee designated by the agency to be responsible for overseeing implementation of the plan.

(2) A description of the agency's procedures for identifying written materials that need to be translated.

(3) A description of the agency's procedures for identifying language needs at local offices and assigning qualified bilingual staff.

(4) A description of how the agency recruits qualified bilingual staff.

(5) A description of any training the agency provides to its staff on the provision of services to non- or limited-English-speaking individuals.

(6) A detailed description of how the agency plans to address any deficiencies in meeting the requirements of this chapter, including, but not limited to, the failure to translate written materials or employ sufficient numbers of qualified bilingual employees in public contact positions at local offices, the proposed actions to be taken to address the deficiencies, and the proposed dates by when the deficiencies can be remedied.

(7) A description of the agency's procedures for accepting and resolving complaints of an alleged violation of this chapter.

(8) A description of how the agency complies with any federal or other state laws that require the provision of linguistically accessible services to the public.

(9) Any other relevant information requested by the State Personnel Board.

(e) In developing its implementation plan in 2003, each state agency may rely upon data gathered from its 2002 survey.

(f) Each state agency shall submit its implementation plan to the State Personnel Board no later than October 1 of each applicable year. The board shall review each plan, and, if it determines that the plan fails to address the identified deficiencies, the board shall order the agency to supplement or make changes to its plan. A state agency that has been determined to be deficient shall report to the State Personnel Board every six months on its progress in addressing the identified deficiencies.

(g) If the board determines that a state agency has not made reasonable progress toward complying with this chapter, the board may issue orders that it deems appropriate to effectuate the purposes of this chapter.

SEC. 8. Section 7299.5 of the Government Code is amended to read:

7299.5. The State Personnel Board may exempt state agencies from the requirements of Section 7299.4, where the State Personnel Board determines that any of the following conditions apply:

(a) The agency's primary mission does not include responsibility for furnishing information or rendering services to the public.

(b) The agency has consistently received such limited public contact with the non-English-speaking public that it has not been required to employ bilingual staff under Section 7292 and the agency employs fewer than the equivalent of 25 full-time employees in public contact positions.

In order to receive an exemption, each state agency shall annually petition the State Personnel Board for the exemption and receive approval in writing by the date established by the board. An agency may receive an exemption for up to five consecutive surveys or implementation plans, if it demonstrates that it meets the requirements of subdivision (a) or (b), and provides all required documentation to the State Personnel Board.

SEC. 9. Section 7299.8 of the Government Code is amended to read:

7299.8. It is not the intent of the Legislature in enacting this chapter to prohibit the establishment of bilingual positions, or printing of materials, or use of qualified interpreters, where less than 5 percent of the people served do not speak English or are unable to communicate effectively, as determined appropriate by the state or local agency. It is not the intent of the Legislature in enacting this chapter to require that all public contact positions be filled with qualified bilingual persons.

CHAPTER 260

An act relating to parklands.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. (a) The City of Huntington Park may transfer to the Los Angeles Unified School District up to 3.8 acres of parkland in Westside Park and the facilities on that land, if all of the following conditions are met:

(1) The city complies with the Public Park Preservation Act of 1971 (Chapter 2.5 (commencing with Section 5400) of Division 5 of the Public Resources Code), and submits to the Department of Parks and Recreation evidence of compliance, including, but not limited to, a copy of the

recorded deed and title policy for, and map of, the substitute parkland required pursuant to that act.

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

(3) The city prepares a detailed land plan showing the specific parcels of Westside Park that will be transferred to the Los Angeles Unified School District; showing which parcels elsewhere in the City of Huntington Park will be acquired and developed as substitute parkland; showing the facilities that will be constructed on the substitute parkland; and demonstrating that there is no net loss in park acreage as a result of the transfer pursuant to this section.

(4) The transferred property is used only for a school facility.

(5) The city ensures that the substitute parkland is developed and dedicated in perpetuity for park purposes.

(6) At least 45 days prior to transferring the property, the city adopts an ordinance at a public meeting that does all of the following:

(A) Identifies the Westside Park parcels that are to be transferred to the school district, and the parcels that the city will acquire to replace the transferred property.

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

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

(D) Makes a finding that the replacement parcels, including facilities, will provide an equivalent or higher level of recreational and environmental service to the current users of Westside Park.

(E) Makes a finding that the replacement parcels and facilities are in addition to existing city property.

(F) Makes a finding that the city has obtained all required state and federal approval for the transfer of the Westside Park parcel to the school district.

(b) The transfer pursuant to subdivision (a) shall not occur until the Department of Parks and Recreation determines that all of the conditions set forth in subdivision (a) have been met.

CHAPTER 261

An act to amend Section 12739 of the Insurance Code, relating to health care, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. It is the intent of the Legislature, on a one-time basis for the 2007–08 fiscal year, to utilize savings of ten million dollars (\$10,000,000) from the Major Risk Medical Insurance Fund, created pursuant to Section 12739 of the Insurance Code, to offset a portion of the General Fund expenditures from the 2007–08 fiscal year to maintain funding levels for the Expanded Access to Primary Care program established pursuant to Article 2 (commencing with Section 124900) of Chapter 7 of Part 4 of Division 106 of the Health and Safety Code.

SEC. 2. The sum of twelve million dollars (\$12,000,000) is hereby appropriated from the Physician Services Account in the Cigarette and Tobacco Products Surtax Fund, established pursuant to Section 30122 of the Revenue and Taxation Code, to the State Department of Health Care Services, for expenditure in the 2007–08 fiscal year for the Expanded Access to Primary Care program established pursuant to Article 2 (commencing with Section 124900) of Chapter 7 of Part 4 of Division 106 of the Health and Safety Code.

SEC. 3. Section 12739 of the Insurance Code is amended to read:

12739. (a) There is hereby created in the State Treasury a special fund known as the Major Risk Medical Insurance Fund that is, notwithstanding Section 13340 of the Government Code, continuously appropriated to the board for the purposes specified in Sections 10127.15 and 12739.1 and Section 1373.62 of the Health and Safety Code.

(b) After June 30, 1991, the following amounts shall be deposited annually in the Major Risk Medical Insurance Fund:

(1) Eighteen million dollars (\$18,000,000) from the Hospital Services Account in the Cigarette and Tobacco Products Surtax Fund.

(2) (A) Eleven million dollars (\$11,000,000) from the Physician Services Account in the Cigarette and Tobacco Products Surtax Fund.

(B) Notwithstanding subparagraph (A), for the 2007–08 fiscal year only, the Controller shall reduce the amount deposited into the Major Risk Medical Insurance Fund from the Physician Services Account in the Cigarette and Tobacco Products Surtax Fund to one million dollars (\$1,000,000).

(3) One million dollars (\$1,000,000) from the Unallocated Account in the Cigarette and Tobacco Products Surtax Fund.

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 enact statutory changes needed to implement the Budget Act of 2007, it is necessary that this act take effect immediately.

CHAPTER 262

An act to add Section 1715.5 to the Business and Professions Code, relating to dentistry.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. (a) It is the intent of the Legislature to determine the number of dentists and licensed or registered dental auxiliaries with cultural and linguistic competency who are practicing dentistry in California.

(b) Collecting data on dentists and dental auxiliaries serving any given area allows for the consistent determination of the areas of California that are underserved by dentists and dental auxiliaries with cultural or linguistic competency.

SEC. 2. Section 1715.5 is added to the Business and Professions Code, to read:

1715.5. (a) A licensee shall, upon his or her initial licensure and any subsequent application for renewal, report the completion of any advanced educational program accredited by the Committee on Dental Accreditation in a dental specialty recognized by the American Dental Association.

(b) The licensee shall also report, upon his or her initial licensure and any subsequent application for renewal, the practice or employment status of the licensee, designated as one of the following:

(1) Full-time practice or employment in a dental practice of 32 hours per week or more in California. This reporting requirement shall also apply to a dental auxiliary licensee.

(2) Full-time practice or employment in a dental practice outside of California.

(3) Part-time practice or employment in a dental practice for less than 32 hours per week in California.

(4) Dental administrative employment that does not include direct patient care, as may further be defined by the board.

- (5) Retired.
- (6) Other practice or employment status, as may be further defined by the board.
- (c) Information collected pursuant to subdivision (b) shall be posted on the Internet Web site of the board or the Committee on Dental Auxiliaries (COMDA), as appropriate.
- (d) (1) A licensee, including a dental auxiliary licensee, may report, in his or her application for renewal, and the board or COMDA, as appropriate shall collect, information regarding the licensee's cultural background and foreign language proficiency. This requirement shall be phased in by January 1, 2009, as provided in paragraph (2).
- (2) Prior to collecting information beginning on January 1, 2009, pursuant to this subdivision, the board and COMDA shall, on or before the preceding March 1, prepare the survey questions and prepare for a test run of dental students to ensure the efficiency of the data being collected. On or before the preceding July 1, the board and COMDA shall advise their licensees that they are collecting this data before commencing collection of data under this subdivision. On or before the preceding October 1, the board and COMDA shall conduct the test run of dental students and make appropriate changes to the survey questions prior to data collection implementation.
- (3) Information collected pursuant to this subdivision shall be aggregated on an annual basis, based on categories utilized by the board and COMDA in the collection of the data, into both statewide totals and ZIP Code of primary practice or employment location totals.
- (4) Aggregated information under this subdivision shall be compiled annually, and reported on the Internet Web site of the board or COMDA, as appropriate, on or before July 1 of each year.
- (e) It is the intent of the Legislature to utilize moneys in the State Dental Auxiliary Fund to pay any cost incurred by the Committee on Dental Auxiliaries in implementing this section.
- (f) If COMDA ceases to exist, the responsibilities placed upon it by this section shall be transferred to the successor entity or entities responsible for licensing registered dental hygienists and registered dental assistants.

CHAPTER 263

An act to amend Section 21710 of the Business and Professions Code, to amend Section 3154 of the Civil Code, to amend Sections 12a, 222, 396a, 585, 618, 644, 904, 990, 1011, 1015, 1169, and 1986 of the Code of Civil Procedure, to amend Sections 16701, 16701.5, and 16914 of the

Corporations Code, to amend Section 17595 of, and to repeal Sections 43040.5 and 43060 of, the Education Code, to amend Sections 8610.13 and 12003.5 of, and to repeal Sections 8610.7 and 8610.8 of, the Fish and Game Code, to amend Sections 7910 and 26801 of the Government Code, to amend Sections 1196, 1207, 1213, and 1326 of the Penal Code, and to amend Sections 1803.3, 23140, and 23229.1 of the Vehicle Code, relating to the maintenance of the codes.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 21710 of the Business and Professions Code is amended to read:

21710. If a declaration in opposition to the lien sale is received prior to the date set forth in the notice of lien sale, the owner may enforce the lien as follows:

(a) An action to enforce the owner's lien shall be commenced by the filing of a verified complaint setting forth the facts upon which the claim of lien is based. The summons and complaint may be served by certified mail, postage prepaid, addressed to the occupant at the occupant's last known address, in which case service shall be deemed completed on the fifth day after the mailing, or in any other manner authorized by Chapter 4 (commencing with Section 413.10) of Title 2 of Part 2 of the Code of Civil Procedure.

(b) The occupant shall have 10 days in which to respond to the complaint after service of the summons is completed, which time may be extended for good cause shown.

(c) If the occupant has not responded to the complaint by answer or demurrer within the time allowed after service is completed, the clerk, upon application of the owner, shall enter the default of the occupant, and thereafter, the owner may apply to the court for judgment in the amount of the lien, including costs.

(d) Any judgment entered on the action on the lien in favor of the owner may be enforced by sale of the property by the owner. The sale shall be conducted in a commercially reasonable manner, and shall take place 10 days or more from the entry of judgment, unless within that time period, or at any time prior to the sale, the occupant pays to the owner the full amount of the judgment.

(e) Enforcement of the judgment may be stayed, pending appeal, by the posting of a bond by the occupant in an amount one and one-half

times the amount of the judgment, in which case the property may be released to the occupant.

SEC. 2. Section 3154 of the Civil Code is amended to read:

3154. (a) At any time after the expiration of the time period specified by Section 3144 with regard to the period during which property is bound by a lien after recordation of a claim of lien, where no action has been brought to enforce that lien, the owner of the property or the owner of any interest therein may petition the proper court for a decree to release the property from the lien.

(b) The petition shall be verified and shall allege all of the following:

(1) The date of recordation of the claim of lien.
(2) The legal description of the property affected by the claim of lien.
(3) That no action to foreclose the lien is pending, or that no extension of credit has been recorded, and that the time period during which suit can be brought to foreclose the lien has expired.

(4) That the lien claimant is unable or unwilling to execute a release of the lien or cannot with reasonable diligence be found.

(5) That the owner of the property or interest in the property has not filed for relief under any law governing bankruptcy, and that there exists no other restraint to prevent the lien claimant from filing to foreclose the lien. A certified copy of the claim of lien shall be attached to the petition. The petition shall be deemed controverted by the lien claimant.

(c) Upon the filing of the petition, and before any further proceedings are had, the clerk shall set a date for the hearing not more than 30 days following the filing of the petition. The court may continue the hearing beyond the 30-day period, but good cause shall be shown for any continuance.

(d) A copy of the petition and the notice setting the date for the hearing shall be served upon the lien claimant at least 10 days prior to the date set for hearing, in the manner in which a summons is required to be served, or by certified or registered mail, postage prepaid, return receipt requested, addressed to the lien claimant at the claimant's address as shown in any of the following:

(1) The preliminary 20-day notice served by the claimant pursuant to Section 3097.

(2) The records of the registrar of contractors.

(3) The contract on which the lien is based.

(4) The claim of lien itself.

(e) When service is made by mail as provided in this section, service is complete on the fifth day following the day of the deposit of the mail. No decree shall issue in favor of the petitioner unless the petitioner proves that service of the petition and the order fixing the date for hearing

was made in compliance with this subdivision. The issue of compliance with this subdivision shall be deemed controverted by the lien claimant.

(f) In the event judgment is rendered in favor of the petitioner, the decree shall indicate all of the following:

- (1) The date the lien was recorded.
- (2) The county and city, if any, in which the lien was recorded.
- (3) The book and page of the place in the official records where the lien is recorded.
- (4) The legal description of the property affected. Upon the recordation of a certified copy of the decree, the property described in the decree shall be released from the lien.

(g) The prevailing party shall be entitled to attorneys' fees not to exceed two thousand dollars (\$2,000).

(h) Nothing in this section shall be construed to bar any other cause of action or claim for relief by the owner of the property or an interest in the property, nor shall a decree canceling a claimant's lien bar the lien claimant from bringing any other cause of action or claim for relief, other than an action foreclosing the lien. However, no other action or claim shall be joined with the claim for relief established by this section.

(i) Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure does not apply to causes commenced pursuant to this section.

SEC. 3. Section 12a of the Code of Civil Procedure is amended to read:

12a. (a) If the last day for the performance of any act provided or required by law to be performed within a specified period of time is a holiday, then that period is hereby extended to and including the next day that is not a holiday. For purposes of this section, "holiday" means all day on Saturdays, all holidays specified in Section 135 and, to the extent provided in Section 12b, all days that by terms of Section 12b are required to be considered as holidays.

(b) This section applies to Sections 659, 659a, and 921, and to all other provisions of law providing or requiring an act to be performed on a particular day or within a specified period of time, whether expressed in this or any other code or statute, ordinance, rule, or regulation.

SEC. 4. Section 222 of the Code of Civil Procedure is amended to read:

222. (a) Except as provided in subdivision (b), when an action is called for trial by jury, the clerk shall randomly select the names of the jurors for voir dire, until the jury is selected or the panel is exhausted.

(b) When the jury commissioner has provided the court with a listing of the trial jury panel in random order, the court shall seat prospective jurors for voir dire in the order provided by the panel list.

SEC. 5. Section 396a of the Code of Civil Procedure is amended to read:

396a. In a case that is subject to Sections 1812.10 and 2984.4 of the Civil Code, or subdivision (b) of Section 395 of the Code of Civil Procedure, or in an action or proceeding for an unlawful detainer as defined in Section 1161 of the Code of Civil Procedure:

(a) The plaintiff shall state facts in the complaint, verified by the plaintiff's oath, or the oath of the plaintiff's attorney, or in an affidavit of the plaintiff or of the plaintiff's attorney filed with the complaint, showing that the action has been commenced in the proper superior court and the proper court location for the trial of the action or proceeding, and showing that the action is subject to the provisions of Sections 1812.10 and 2984.4 of the Civil Code or subdivision (b) of Section 395 of the Code of Civil Procedure, or is an action for an unlawful detainer. When the affidavit is filed with the complaint, a copy thereof shall be served with the summons. Except as provided in this section, if the complaint or affidavit is not filed pursuant to this subdivision, no further proceedings may occur in the action or proceeding, except to dismiss the action or proceeding without prejudice. However, the court may, on terms that are just, permit the affidavit to be filed after the filing of the complaint, and a copy of the affidavit shall be served on the defendant and the time to answer or otherwise plead shall date from that service.

(b) If it appears from the complaint or affidavit, or otherwise, that the superior court or court location where the action or proceeding is commenced is not the proper court or court location for the trial, the court where the action or proceeding is commenced, or a judge thereof, shall, whenever that fact appears, transfer it to the proper court or court location, on its own motion, or on motion of the defendant, unless the defendant consents in writing, or in open court (consent in open court being entered in the minutes of the court), to the keeping of the action or proceeding in the court or court location where commenced. If that consent is given, the action or proceeding may continue in the court or court location where commenced. Notwithstanding Section 1801.1 and subdivision (f) of Section 2983.7 of the Civil Code, that consent may be given by a defendant who is represented by counsel at the time the consent is given, and if an action or proceeding is subject to subdivision (b) of Section 395 or is for an unlawful detainer, that consent may only be given by a defendant who is represented by counsel at the time the consent is given.

(c) In any case where the transfer of the action or proceeding is ordered under subdivision (a) or (b), if summons is served prior to the filing of the action or proceeding in the superior court or court location to which it is transferred, as to any defendant, so served, who has not appeared

in the action or proceeding, the time to answer or otherwise plead shall date from service upon that defendant of written notice of the filing.

(d) If it appears from the complaint or affidavit of the plaintiff that the superior court and court location where the action or proceeding is commenced are a proper court and court location for the trial thereof, all proper proceedings may be had, and the action or proceeding may be tried in that court at that location.

(e) A motion for a transfer of the action or proceeding to a different superior court may be made as in other cases, within the time, upon the grounds, and in the manner provided in this title, and if upon that motion it appears that the action or proceeding is not pending in the proper court, or should for other cause be transferred, the action or proceeding shall be ordered transferred as provided in this title.

If any action or proceeding is ordered transferred to another court as provided in this section, proceedings shall be had, and the costs and fees shall be paid, as provided in Sections 398 and 399.

(f) If a motion is made for transfer of an action or proceeding to a different court location within the same superior court as provided in this section, proceedings shall be had as provided by local rules of the superior court.

SEC. 6. Section 585 of the Code of Civil Procedure is amended to read:

585. Judgment may be had, if the defendant fails to answer the complaint, as follows:

(a) In an action arising upon contract or judgment for the recovery of money or damages only, if the defendant has, or if more than one defendant, if any of the defendants have, been served, other than by publication, and no answer, demurrer, notice of motion to strike of the character specified in subdivision (f), notice of motion to transfer pursuant to Section 396b, notice of motion to dismiss pursuant to Article 2 (commencing with Section 583.210) of Chapter 1.5 of Title 8, notice of motion to quash service of summons or to stay or dismiss the action pursuant to Section 418.10, or notice of the filing of a petition for writ of mandate as provided in Section 418.10 has been filed with the clerk of the court within the time specified in the summons, or within further time as may be allowed, the clerk, upon written application of the plaintiff, and proof of the service of summons, shall enter the default of the defendant or defendants, so served, and immediately thereafter enter judgment for the principal amount demanded in the complaint, in the statement required by Section 425.11, or in the statement provided for in Section 425.115, or a lesser amount if credit has been acknowledged, together with interest allowed by law or in accordance with the terms of the contract, and the costs against the defendant, or defendants, or against

one or more of the defendants. If, by rule of court, a schedule of attorneys' fees to be allowed has been adopted, the clerk may include in the judgment attorneys' fees in accordance with the schedule (1) if the contract provides that attorneys' fees shall be allowed in the event of an action thereon, or (2) if the action is one in which the plaintiff is entitled by statute to recover attorneys' fees in addition to money or damages. The plaintiff shall file a written request at the time of application for entry of the default of the defendant or defendants, to have attorneys' fees fixed by the court, whereupon, after the entry of the default, the court shall hear the application for determination of the attorneys' fees and shall render judgment for the attorneys' fees and for the other relief demanded in the complaint, in the statement required by Section 425.11, or in the statement provided for in Section 425.115, or a lesser amount if credit has been acknowledged, and the costs against the defendant, or defendants, or against one or more of the defendants.

(b) In other actions, if the defendant has been served, other than by publication, and no answer, demurrer, notice of motion to strike of the character specified in subdivision (f), notice of motion to transfer pursuant to Section 396b, notice of motion to dismiss pursuant to Article 2 (commencing with Section 583.210) of Chapter 1.5 of Title 8, notice of motion to quash service of summons or to stay or dismiss the action pursuant to Section 418.10 or notice of the filing of a petition for writ of mandate as provided in Section 418.10 has been filed with the clerk of the court within the time specified in the summons, or within further time as may be allowed, the clerk, upon written application of the plaintiff, shall enter the default of the defendant. The plaintiff thereafter may apply to the court for the relief demanded in the complaint. The court shall hear the evidence offered by the plaintiff, and shall render judgment in the plaintiff's favor for that relief, not exceeding the amount stated in the complaint, in the statement required by Section 425.11, or in the statement provided for by Section 425.115, as appears by the evidence to be just. If the taking of an account, or the proof of any fact, is necessary to enable the court to give judgment or to carry the judgment into effect, the court may take the account or hear the proof, or may, in its discretion, order a reference for that purpose. If the action is for the recovery of damages, in whole or in part, the court may order the damages to be assessed by a jury; or if, to determine the amount of damages, the examination of a long account is involved, by a reference as above provided.

(c) In all actions where the service of the summons was by publication, upon the expiration of the time for answering, and upon proof of the publication and that no answer, demurrer, notice of motion to strike of the character specified in subdivision (f), notice of motion to transfer

pursuant to Section 396b, notice of motion to dismiss pursuant to Article 2 (commencing with Section 583.210) of Chapter 1.5 of Title 8, notice of motion to quash service of summons or to stay or dismiss the action pursuant to Section 418.10, or notice of the filing of a petition for writ of mandate as provided in Section 418.10 has been filed, the clerk, upon written application of the plaintiff, shall enter the default of the defendant. The plaintiff thereafter may apply to the court for the relief demanded in the complaint; and the court shall hear the evidence offered by the plaintiff, and shall render judgment in the plaintiff's favor for that relief, not exceeding the amount stated in the complaint, in the statement required by Section 425.11, or in the statement provided for in Section 425.115, as appears by the evidence to be just. If the defendant is not a resident of the state, the court shall require the plaintiff, or the plaintiff's agent, to be examined, on oath, respecting any payments that have been made to the plaintiff, or to anyone for the plaintiff's use, on account of any demand mentioned in the complaint, in the statement required by Section 425.11, or in the statement provided for in Section 425.115, and may render judgment for the amount that the plaintiff is entitled to recover. In all cases affecting the title to or possession of real property, where the service of the summons was by publication and the defendant has failed to answer, no judgment shall be rendered upon proof of mere occupancy, unless the occupancy has continued for the time and has been of the character necessary to confer title by prescription. In all cases where the plaintiff bases a claim upon a paper title, the court shall require evidence establishing the plaintiff's equitable right to judgment before rendering judgment. In actions involving only the possession of real property where the complaint is verified and shows by proper allegations that no party to the action claims title to the real property involved, either by prescription, accession, transfer, will, or succession, but only the possession thereof, the court may render judgment upon proof of occupancy by plaintiff and ouster by defendant.

(d) In the cases referred to in subdivisions (b) and (c), or upon an application to have attorneys' fees fixed by the court pursuant to subdivision (a), the court in its discretion may permit the use of affidavits, in lieu of personal testimony, as to all or any part of the evidence or proof required or permitted to be offered, received, or heard in those cases. The facts stated in the affidavit or affidavits shall be within the personal knowledge of the affiant and shall be set forth with particularity, and each affidavit shall show affirmatively that the affiant, if sworn as a witness, can testify competently thereto.

(e) If a defendant files a cross-complaint against another defendant or the plaintiff, a default may be entered against that party on that cross-complaint if the plaintiff or that cross-defendant has been served

with that cross-complaint and has failed to file an answer, demurrer, notice of motion to strike of the character specified in subdivision (f), notice of motion to transfer pursuant to Section 396b, notice of motion to dismiss pursuant to Article 2 (commencing with Section 583.210) of Chapter 1.5 of Title 8, notice of motion to quash service of summons or to stay or dismiss the action pursuant to Section 418.10, or notice of the filing of a petition for a writ of mandate as provided in Section 418.10 within the time specified in the summons, or within another time period as may be allowed. However, no judgment may separately be entered on that cross-complaint unless a separate judgment may, in fact, be properly awarded on that cross-complaint and the court finds that a separate judgment on that cross-complaint would not substantially delay the final disposition of the action between the parties.

(f) A notice of motion to strike within the meaning of this section is a notice of motion to strike the whole or any part of a pleading filed within the time which the moving party is required otherwise to plead to that pleading. The notice of motion to strike shall specify a hearing date set in accordance with Section 1005. The filing of a notice of motion does not extend the time within which to demur.

SEC. 7. Section 618 of the Code of Civil Procedure is amended to read:

618. When the jury, or three-fourths of them, have agreed upon a verdict, they must be conducted into court and the verdict rendered by their foreperson. The verdict must be in writing, signed by the foreperson, and must be read to the jury by the clerk, and the inquiry made whether it is their verdict. Either party may require the jury to be polled, which is done by the court or clerk, asking each juror if it is the juror's verdict. If upon inquiry or polling, more than one-fourth of the jurors disagree thereto, the jury must be sent out again, but if no disagreement is expressed, the verdict is complete and the jury discharged from the case.

SEC. 8. Section 644 of the Code of Civil Procedure is amended to read:

644. (a) In the case of a consensual general reference pursuant to Section 638, the decision of the referee or commissioner upon the whole issue must stand as the decision of the court, and upon filing of the statement of decision with the clerk of the court, judgment may be entered thereon in the same manner as if the action had been tried by the court.

(b) In the case of all other references, the decision of the referee or commissioner is only advisory. The court may adopt the referee's recommendations, in whole or in part, after independently considering the referee's findings and any objections and responses thereto filed with the court.

SEC. 9. Section 904 of the Code of Civil Procedure is amended to read:

904. An appeal may be taken in a civil action or proceeding as provided in Sections 904.1, 904.2, and 904.5.

SEC. 9.5. Section 904 of the Code of Civil Procedure is amended to read:

904. An appeal may be taken in a civil action or proceeding as provided in Sections 904.1, 904.2, 904.3, and 904.5.

SEC. 10. Section 990 of the Code of Civil Procedure is amended to read:

990. The summons specified in Section 989 shall be issued by the clerk upon presentation of the affidavit specified in Section 991. The summons must describe the judgment, and require the person summoned to show cause why the person should not be bound by it, and must be served in the same manner, and returnable no later than ninety (90) days after the time specified for the return of the original summons. It is not necessary to file a new complaint.

SEC. 11. Section 1011 of the Code of Civil Procedure is amended to read:

1011. The service may be personal, by delivery to the party or attorney on whom the service is required to be made, or it may be as follows:

(a) If upon an attorney, service may be made at the attorney's office, by leaving the notice or other papers in an envelope or package clearly labeled to identify the attorney being served, with a receptionist or with a person having charge thereof. When there is no person in the office with whom the notice or papers may be left for purposes of this subdivision at the time service is to be effected, service may be made by leaving them between the hours of nine in the morning and five in the afternoon, in a conspicuous place in the office, or, if the attorney's office is not open so as to admit of that service, then service may be made by leaving the notice or papers at the attorney's residence, with some person of not less than 18 years of age, if the attorney's residence is in the same county with his or her office, and, if the attorney's residence is not known or is not in the same county with his or her office, or being in the same county it is not open, or a person 18 years of age or older cannot be found at the attorney's residence, then service may be made by putting the notice or papers, enclosed in a sealed envelope, into the post office or a mail box, subpost office, substation, or mail chute or other like facility regularly maintained by the Government of the United States directed to the attorney at his or her office, if known and otherwise to the attorney's residence, if known. If neither the attorney's office nor residence is known, service may be made by

delivering the notice or papers to the address of the attorney or party of record as designated on the court papers, or by delivering the notice or papers to the clerk of the court, for the attorney.

(b) If upon a party, service shall be made in the manner specifically provided in particular cases, or, if no specific provision is made, service may be made by leaving the notice or other paper at the party's residence, between the hours of eight in the morning and six in the evening, with some person of not less than 18 years of age. If at the time of attempted service between those hours a person 18 years of age or older cannot be found at the party's residence, the notice or papers may be served by mail. If the party's residence is not known, then service may be made by delivering the notice or papers to the clerk of the court, for that party.

SEC. 12. Section 1015 of the Code of Civil Procedure is amended to read:

1015. When a plaintiff or a defendant, who has appeared, resides out of the state, and has no attorney in the action or proceeding, the service may be made on the clerk of the court, for that party. But in all cases where a party has an attorney in the action or proceeding, the service of papers, when required, must be upon the attorney instead of the party, except service of subpoenas, of writs, and other process issued in the suit, and of papers to bring the party into contempt. If the sole attorney for a party is removed or suspended from practice, then the party has no attorney within the meaning of this section. If the party's sole attorney has no known office in this state, notices and papers may be served by leaving a copy thereof with the clerk of the court, unless the attorney has filed in the cause an address of a place at which notices and papers may be served on the attorney, in which event they may be served at that place.

SEC. 13. Section 1169 of the Code of Civil Procedure is amended to read:

1169. If, at the time appointed, any defendant served with a summons does not appear and defend, the clerk, upon written application of the plaintiff and proof of the service of summons and complaint, shall enter the default of any defendant so served, and, if requested by the plaintiff, immediately shall enter judgment for restitution of the premises and shall issue a writ of execution thereon. The application for default judgment and the default judgment shall include a place to indicate that the judgment includes tenants, subtenants, if any, named claimants, if any, and any other occupants of the premises. Thereafter, the plaintiff may apply to the court for any other relief demanded in the complaint, including the costs, against the defendant, or defendants, or against one or more of the defendants.

SEC. 14. Section 1986 of the Code of Civil Procedure is amended to read:

1986. A subpoena is obtainable as follows:

(a) To require attendance before a court, or at the trial of an issue therein, or upon the taking of a deposition in an action or proceeding pending therein, it is obtainable from the clerk of the court in which the action or proceeding is pending.

(b) To require attendance before a commissioner appointed to take testimony by a court of a foreign country, or of the United States, or of any other state in the United States, or before any officer or officers empowered by the laws of the United States to take testimony, it may be obtained from the clerk of the superior court of the county in which the witness is to be examined.

(c) To require attendance out of court, in cases not provided for in subdivision (a), before a judge, justice, or other officer authorized to administer oaths or take testimony in any matter under the laws of this state, it is obtainable from the judge, justice, or other officer before whom the attendance is required.

If the subpoena is to require attendance before a court, or at the trial of an issue therein, it is obtainable from the clerk, as of course, upon the application of the party desiring it. If it is obtained to require attendance before a commissioner or other officer upon the taking of a deposition, it must be obtained, as of course, from the clerk of the superior court of the county wherein the attendance is required upon the application of the party requiring it.

SEC. 15. Section 16701 of the Corporations Code is amended to read:

16701. Except as provided in Section 16701.5, all of the following shall apply:

(a) If a partner is dissociated from a partnership, the partnership shall cause the dissociated partner's interest in the partnership to be purchased for a buyout price determined pursuant to subdivision (b).

(b) The buyout price of a dissociated partner's interest is the amount that would have been distributable to the dissociating partner under subdivision (b) of Section 16807 if, on the date of dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern without the dissociated partner and the partnership was wound up as of that date. Interest shall be paid from the date of dissociation to the date of payment.

(c) Damages for wrongful dissociation under Section 16602, and all other amounts owing, whether or not presently due, from the dissociated partner to the partnership, shall be offset against the buyout price. Interest

shall be paid from the date the amount owed becomes due to the date of payment.

(d) A partnership shall indemnify a dissociated partner whose interest is being purchased against all partnership liabilities, whether incurred before or after the dissociation, except liabilities incurred by an act of the dissociated partner under Section 16702.

(e) If no agreement for the purchase of a dissociated partner's interest is reached within 120 days after a written demand for payment, the partnership shall pay, or cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subdivision (c).

(f) If a deferred payment is authorized under subdivision (h), the partnership may tender a written offer to pay the amount it estimates to be the buyout price and accrued interest, reduced by any offsets under subdivision (c), stating the time of payment, the amount and type of security for payment, and the other terms and conditions of the obligation.

(g) The payment or tender required by subdivision (e) or (f) shall be accompanied by all of the following:

(1) A statement of partnership assets and liabilities as of the date of dissociation.

(2) The latest available partnership balance sheet and income statement, if any.

(3) An explanation of how the estimated amount of the payment was calculated.

(4) Written notice that the payment is in full satisfaction of the obligation to purchase unless, within 120 days after the written notice, the dissociated partner commences an action to determine the buyout price, any offsets under subdivision (c), or other terms of the obligation to purchase.

(h) A partner who wrongfully dissociates before the expiration of a definite term or the completion of a particular undertaking is not entitled to payment of any portion of the buyout price until the expiration of the term or completion of the undertaking, unless the partner establishes to the satisfaction of the court that earlier payment will not cause undue hardship to the business of the partnership. A deferred payment shall be adequately secured and bear interest.

(i) A dissociated partner may maintain an action against the partnership, pursuant to subparagraph (B) of paragraph (2) of subdivision (b) of Section 16405, to determine the buyout price of that partner's interest, any offsets under subdivision (c), or other terms of the obligation to purchase. The action shall be commenced within 120 days after the partnership has tendered payment or an offer to pay or within one year

after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the dissociated partner's interest, any offset due under subdivision (c), and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subdivision (h), the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorney's fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with subdivision (g).

SEC. 16. Section 16701.5 of the Corporations Code is amended to read:

16701.5. (a) Section 16701 shall not apply to any dissociation that occurs within 90 days prior to a dissolution under Section 16801.

(b) For dissociations occurring within 90 days prior to the dissolution, both of the following shall apply:

(1) All partners who dissociated within 90 days prior to the dissolution shall be treated as partners under Section 16807.

(2) Any damages for wrongful dissociation under Section 16602 and all other amounts owed by the dissociated partner to the partnership, whether or not presently due, shall be taken into account in determining the amount distributable to the dissociated partner under Section 16807.

SEC. 17. Section 16914 of the Corporations Code is amended to read:

16914. (a) When a merger takes effect, all of the following apply:

(1) The separate existence of the disappearing partnerships and disappearing other business entities ceases and the surviving partnership or surviving other business entity shall succeed, without other transfer, act, or deed, to all the rights and property whether real, personal, or mixed, of each of the disappearing partnerships and disappearing other business entities and shall be subject to all the debts and liabilities of each in the same manner as if the surviving partnership or surviving other business entity had itself incurred them.

(2) All rights of creditors and all liens upon the property of each of the constituent partnerships and constituent other business entities shall be preserved unimpaired and may be enforced against the surviving partnership or the surviving other business entity to the same extent as if the debt, liability, or duty that gave rise to that lien had been incurred or contracted by it, provided that those liens upon the property of a disappearing partnership or disappearing other business entity shall be

limited to the property affected thereby immediately prior to the time the merger is effective.

(3) Any action or proceeding pending by or against any disappearing partnership or disappearing other business entity may be prosecuted to judgment, which shall bind the surviving partnership or surviving other business entity, or the surviving partnership or surviving other business entity may be proceeded against or be substituted in the disappearing partnership's or the disappearing other business entity's place.

(b) (1) Unless a certificate of merger has been filed to effect the merger, the surviving foreign entity shall promptly notify the Secretary of State of the mailing address of its agent for service of process and its chief executive office, and of any change of address. To enforce an obligation of a partnership that has merged with a foreign partnership or foreign other business entity, the Secretary of State shall only be the agent for service of process in an action or proceeding against the surviving foreign partnership or foreign other business entity, if the agent designated for the service of process for that entity is a natural person and cannot be located with due diligence or if the agent is a corporation and no person to whom delivery may be made can be located with due diligence, or if no agent has been designated and if no one of the officers, partners, managers, members, or agents of the entity can be located after diligent search, and it is so shown by affidavit to the satisfaction of the court. The court then may make an order that service be made by personal delivery to the Secretary of State or to an assistant or deputy Secretary of State of two copies of the process together with two copies of the order, and the order shall set forth an address to which the process shall be sent by the Secretary of State. Service in this manner is deemed complete on the 10th day after delivery of the process to the Secretary of State.

(2) Upon receipt of the process and order and the fee set forth in subdivision (c) of Section 12197 of the Government Code, the Secretary of State shall give notice to the entity of the service of the process by forwarding by certified mail, return receipt requested, a copy of the process and order to the address specified in the order.

(3) The Secretary of State shall keep a record of all process served upon the Secretary of State and shall record therein the time of service and the Secretary of State's action with respect thereto. The certificate of the Secretary of State, under the Secretary of State's official seal, certifying to the receipt of process, the giving of notice thereof to the entity, and the forwarding of the process, shall be competent and prima facie evidence of the matters stated therein.

(c) A partner of the surviving partnership or surviving limited partnership, a member of the surviving limited liability company, a

shareholder of the surviving corporation, or a holder of equity securities of the surviving other business entity, is liable for all of the following:

(1) All obligations of a party to the merger for which that person was personally liable before the merger.

(2) All other obligations of the surviving entity incurred before the merger by a party to the merger, but those obligations may be satisfied only out of property of the entity.

(3) All obligations of the surviving entity incurred after the merger takes effect, but those obligations may be satisfied only out of property of the entity if that person is a limited partner, a shareholder in a corporation, or, unless expressly provided otherwise in the articles of organization or other constituent documents, a member of a limited liability company or a holder of equity securities in a surviving other business entity.

(d) If the obligations incurred before the merger by a party to the merger are not satisfied out of the property of the surviving partnership or surviving other business entity, the general partners of that party immediately before the effective date of the merger, to the extent that party was a partnership or a limited partnership, shall contribute the amount necessary to satisfy that party's obligations to the surviving entity in the manner provided in Section 16807 or in the limited partnership act of the jurisdiction in which the party was formed, as the case may be, as if the merged party were dissolved.

(e) A partner of a domestic disappearing partnership who does not vote in favor of the merger and does not agree to become a partner, member, shareholder, or holder of interest or equity securities of the surviving partnership or surviving other business entity shall have the right to dissociate from the partnership as of the date the merger takes effect. Within 10 days after the approval of the merger by the partners as required under this article, each domestic disappearing partnership shall send notice of the approval of the merger to each partner that has not approved the merger, accompanied by a copy of Section 16701 and a brief description of the procedure to be followed under that section if the partner wishes to dissociate from the partnership. A partner that desires to dissociate from a disappearing partnership shall send written notice of that dissociation within 30 days after the date of the notice of the approval of the merger. The disappearing partnership shall cause the partner's interest in the entity to be purchased under Section 16701. The surviving entity is bound under Section 16702 by an act of a general partner dissociated under this subdivision, and the partner is liable under Section 16703 for transactions entered into by the surviving entity after the merger takes effect. The dissociation of a partner in connection with

a merger pursuant to the terms of this subdivision shall not be deemed a wrongful dissociation under Section 16602.

SEC. 18. Section 17595 of the Education Code is amended to read:

17595. Nothing in this code shall preclude the governing board of any school district from purchasing materials, equipment, or supplies through the Department of General Services pursuant to subdivision (b) of Section 10299 of the Public Contract Code.

SEC. 19. Section 43040.5 of the Education Code is repealed.

SEC. 20. Section 43060 of the Education Code is repealed.

SEC. 21. Section 8610.7 of the Fish and Game Code is repealed.

SEC. 22. Section 8610.8 of the Fish and Game Code is repealed.

SEC. 23. Section 8610.13 of the Fish and Game Code is amended to read:

8610.13. The penalty for a violation of Section 8610.3 or 8610.4 is as specified in Section 12003.5.

SEC. 24. Section 12003.5 of the Fish and Game Code is amended to read:

12003.5. (a) The penalty for a first violation of Section 8610.3 or 8610.4 is a fine of not less than one thousand dollars (\$1,000) and not more than five thousand dollars (\$5,000) and a mandatory suspension of any license, permit, or stamp to take, receive, transport, purchase, sell, barter, or process fish for commercial purposes for six months. The penalty for a second or subsequent violation of Section 8610.3 or 8610.4 is a fine of not less than two thousand five hundred dollars (\$2,500) and not more than ten thousand dollars (\$10,000) and a mandatory suspension of any license, permit, or stamp to take, receive, transport, purchase, sell, barter, or process fish for commercial purposes for one year.

(b) If a person convicted of a violation of Section 8610.3 or 8610.4, is granted probation, the court shall impose as a term or condition of probation, in addition to any other term or condition of probation, a requirement that the person pay at least the minimum fine prescribed in this section.

SEC. 25. Section 7910 of the Government Code is amended to read:

7910. (a) Each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit and make other necessary determinations for the following fiscal year pursuant to Article XIII B of the California Constitution at a regularly scheduled meeting or noticed special meeting. Fifteen days prior to the meeting documentation used in the determination of the appropriations limit and other necessary determinations shall be available to the public. The determinations made pursuant to this section are legislative acts.

(b) A judicial action or proceeding to attack, review, set aside, void, or annul the action of the governing body taken pursuant to this section shall be commenced within 45 days of the effective date of the resolution.

(c) A court in which an action described in subdivision (b) is pending, including any court reviewing the action on appeal from the decision of a lower court, shall give the action preference over all other civil actions, in the manner of setting the action for hearing or trial and in hearing the action, to the end that the action shall be quickly heard and determined.

SEC. 26. Section 26801 of the Government Code is amended to read:
26801. Except as otherwise provided by law, the county clerk shall act as clerk of the board of supervisors in the county.

SEC. 27. Section 1196 of the Penal Code is amended to read:

1196. (a) The clerk must, at any time after the order, issue a bench warrant into one or more counties.

(b) The clerk shall require the appropriate agency to enter each bench warrant issued on a private surety-bonded felony case into the national warrant system (National Crime Information Center (NCIC)). If the appropriate agency fails to enter the bench warrant into the national warrant system (NCIC), and the court finds that this failure prevented the surety or bond agent from surrendering the fugitive into custody, prevented the fugitive from being arrested or taken into custody, or resulted in the fugitive's subsequent release from custody, the court having jurisdiction over the bail shall, upon petition, set aside the forfeiture of the bond and declare all liability on the bail bond to be exonerated.

SEC. 28. Section 1207 of the Penal Code is amended to read:

1207. When judgment upon a conviction is rendered, the clerk must enter the judgment in the minutes, stating briefly the offense for which the conviction was had, and the fact of a prior conviction, if any. A copy of the judgment of conviction shall be filed with the papers in the case.

SEC. 29. Section 1213 of the Penal Code is amended to read:

1213. (a) When a probationary order or a judgment, other than of death, has been pronounced, a copy of the entry of that portion of the probationary order ordering the defendant confined in a city or county jail as a condition of probation, or a copy of the entry of the judgment, or, if the judgment is for imprisonment in the state prison, either a copy of the minute order or an abstract of the judgment as provided in Section 1213.5, certified by the clerk of the court, and a Criminal Investigation and Identification (CII) number shall be forthwith furnished to the officer whose duty it is to execute the probationary order or judgment, and no other warrant or authority is necessary to justify or require its execution.

(b) If a copy of the minute order is used as the commitment document, the first page or pages shall be identical in form and content to that

prescribed by the Judicial Council for an abstract of judgment, and other matters as appropriate may be added thereafter.

SEC. 30. Section 1326 of the Penal Code is amended to read:

1326. (a) The process by which the attendance of a witness before a court or magistrate is required is a subpoena. It may be signed and issued by any of the following:

(1) A magistrate before whom a complaint is laid or his or her clerk, the district attorney or his or her investigator, or the public defender or his or her investigator, for witnesses in the state.

(2) The district attorney, his or her investigator, or, upon request of the grand jury, any judge of the superior court, for witnesses in the state, in support of an indictment or information, to appear before the court in which it is to be tried.

(3) The district attorney or his or her investigator, the public defender or his or her investigator, or the clerk of the court in which a criminal action is to be tried. The clerk shall, at any time, upon application of the defendant, and without charge, issue as many blank subpoenas, subscribed by him or her, for witnesses in the state, as the defendant may require.

(4) The attorney of record for the defendant.

(b) A subpoena issued in a criminal action that commands the custodian of records or other qualified witness of a business to produce books, papers, documents, or records shall direct that those items be delivered by the custodian or qualified witness in the manner specified in subdivision (b) of Section 1560 of the Evidence Code. Subdivision (e) of Section 1560 of the Evidence Code shall not apply to criminal cases.

(c) In a criminal action, no party, or attorney or representative of a party, may issue a subpoena commanding the custodian of records or other qualified witness of a business to provide books, papers, documents, or records, or copies thereof, relating to a person or entity other than the subpoenaed person or entity in any manner other than that specified in subdivision (b) of Section 1560 of the Evidence Code. When a defendant has issued a subpoena to a person or entity that is not a party for the production of books, papers, documents, or records, or copies thereof, the court may order an in camera hearing to determine whether or not the defense is entitled to receive the documents. The court may not order the documents disclosed to the prosecution except as required by Section 1054.3.

(d) This section shall not be construed to prohibit obtaining books, papers, documents, or records with the consent of the person to whom the books, papers, documents, or records relate.

SEC. 31. Section 1803.3 of the Vehicle Code is amended to read:

1803.3. (a) The clerk of any court that reverses a conviction for an offense described in subdivision (a) of Section 1803, which is not exempted under subdivision (b) of that section, shall prepare and forward to the department at its office in Sacramento an abstract of the record of the court covering the case in which the conviction was reversed. In addition, if a court dismisses a charge of a violation of Section 40508 for which a notice was given to the department pursuant to Section 40509 or 40509.5, the court shall notify the department of the dismissal.

(b) The abstract shall be forwarded within 30 days of the date the judgment of reversal becomes final. The notice of dismissal shall be given to the department not later than 30 days after the dismissal. Within 30 days of receiving the abstract or notice, the department shall remove any record of that conviction, or notice received pursuant to Section 40509 or 40509.5, from the driver's record.

(c) As used in this section, "reverse" includes any action by which a conviction is nullified or set aside.

SEC. 32. Section 23140 of the Vehicle Code is amended to read:

23140. (a) It is unlawful for a person under the age of 21 years who has 0.05 percent or more, by weight, of alcohol in his or her blood to drive a vehicle.

(b) A person may be found to be in violation of subdivision (a) if the person was, at the time of driving, under the age of 21 years and under the influence of, or affected by, an alcoholic beverage regardless of whether a chemical test was made to determine that person's blood-alcohol concentration and if the trier of fact finds that the person had consumed an alcoholic beverage and was driving a vehicle while having a concentration of 0.05 percent or more, by weight, of alcohol in his or her blood.

(c) Notwithstanding any provision of law to the contrary, upon a finding that a person has violated this section, the clerk of the court shall prepare within 10 days after the finding and immediately forward to the department an abstract of the record of the court in which the finding is made. That abstract shall be a public record and available for public inspection in the same manner as other records reported under Section 1803.

SEC. 33. Section 23229.1 of the Vehicle Code is amended to read:

23229.1. (a) Subject to subdivision (b), Sections 23223 and 23225 apply to any charter-party carrier of passengers, as defined in Section 5360 of the Public Utilities Code, operating a limousine for hire when the driver of the vehicle transports any passenger under the age of 21.

(b) For purposes of subdivision (a), it is not a violation of Section 23225 for any charter-party carrier of passengers operating a limousine for hire that is licensed pursuant to the Public Utilities Code to keep any

bottle, can, or other receptacle containing any alcoholic beverage in a locked utility compartment within the area occupied by the driver and passengers.

(c) In addition to the requirements of Section 1803, every clerk of a court in which any driver in subdivision (a) was convicted of a violation of Section 23225 shall prepare within 10 days after conviction, and immediately forward to the Public Utilities Commission at its office in San Francisco, an abstract of the record of the court covering the case in which the person was convicted. If sentencing is not pronounced in conjunction with the conviction, the abstract shall be forwarded to the commission within 10 days after sentencing, and the abstract shall be certified, by the person required to prepare it, to be true and correct. For the purposes of this subdivision, a forfeiture of bail is equivalent to a conviction.

SEC. 34. Section 9.5 of this bill shall only become operative if (1) this bill and SB 649 are both enacted and become effective on or before January 1, 2008, and (2) SB 649 adds Section 904.3 of the Code of Civil Procedure, in which case Section 9 of this bill shall not become operative.

CHAPTER 264

An act to repeal Section 18986.88 of the Welfare and Institutions Code, relating to health and human services.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 18986.88 of the Welfare and Institutions Code is repealed.

CHAPTER 265

An act to amend Section 14045 of the Welfare and Institutions Code, relating to Medi-Cal.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 14045 of the Welfare and Institutions Code is amended to read:

14045. (a) A provider shall not submit a reimbursement request to the Medi-Cal program containing a beneficiary's social security number if the department has issued that beneficiary a Medi-Cal beneficiary identification card containing a beneficiary number with the issuance date included in that number.

(b) This section shall not apply to the submission of a request by a provider for beneficiary eligibility.

(c) In order to reduce medical fraud and the black market for stolen social security cards, the State Department of Health Care Services may establish an automated HIPAA-compliant system using HIPAA transactions whereby all providers can access a beneficiary's identification card number for submitting reimbursement requests.

(d) When the provider makes a good faith effort to obtain a recipient's beneficiary identification card number, this section shall not apply to the following, or services provided by the following provider types, until the time that the department is able to establish a system described in subdivision (c):

(1) A hospital licensed pursuant to Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code.

(2) A long-term health care facility, as defined in Section 1418 of the Health and Safety Code.

(3) A primary care clinic that is licensed pursuant to subdivision (a) of Section 1204 of the Health and Safety Code.

(4) Emergency medical transportation services.

(5) A hospital-based physician.

CHAPTER 266

An act to amend Sections 101675, 101680, 101685, 101690, 101700, 101715, 101720, 101750, 101760, 101775, and 101780 of, and to add Section 101781 to, the Health and Safety Code, relating to health authorities.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. The Legislature finds and declares that:

(a) The Santa Barbara Regional Health Authority (SBRHA), a county organized health system (COHS), began service in the County of Santa Barbara in 1983, by resolution of the Santa Barbara County Board of Supervisors.

(b) Through a board of directors representing the community, the SBRHA administers five health coverage programs serving low-income residents of Santa Barbara and San Luis Obispo Counties.

(c) The services offered include the Santa Barbara Health Initiative for Medi-Cal beneficiaries in Santa Barbara County, the Access for Infants and Mothers Program for low-income mothers and their newborns in Santa Barbara County, the Healthy Families Program for children under the age of 19 years in Santa Barbara and San Luis Obispo Counties, the Healthy Kids Santa Barbara and Healthy Kids San Luis Obispo for children under the age of 19 years in Santa Barbara and San Luis Obispo Counties, respectively, and the In-Home Supportive Services (IHSS) health care for caregiver employees of the In-Home Supportive Services Public Authority of Santa Barbara County.

(d) Its primary plan, the Santa Barbara Health Initiative (SBHI), began operations on September 1, 1983, and assumed responsibility for the Medi-Cal program in Santa Barbara County. The program is now acknowledged to be the oldest Medicaid managed care program of its kind in the country.

(e) In 2004, Governor Arnold Schwarzenegger proposed a significant redesign of the state's Medi-Cal program to include Medi-Cal managed care, including the expansion of existing COHS delivery models.

(f) In 2005, the County of San Luis Obispo created a Managed Care Medi-Cal Advisory Committee to make recommendations to the county health agency as to the establishment of a Medi-Cal delivery system.

(g) The advisory committee determined that there would be a significant benefit to the Medi-Cal beneficiaries of San Luis Obispo County through the formation of a two-county COHS plan.

(h) On September 26, 2006, the San Luis Obispo County Board of Supervisors, pursuant to state law, accepted the county health agency's recommendation and passed a resolution endorsing the formation of a two-county regional COHS with Santa Barbara County, contingent on adequate funding and passage of legislation.

(i) The Board of Supervisors of Santa Barbara County and the Board of Directors of the Santa Barbara Regional Health Authority have also endorsed the formation of a Santa Barbara San Luis Obispo Regional Health Authority.

SEC. 2. Section 101675 of the Health and Safety Code is amended to read:

101675. This chapter shall be known, and may be cited, as the Santa Barbara San Luis Obispo Regional Health Authority Act.

SEC. 3. Section 101680 of the Health and Safety Code is amended to read:

101680. (a) The Board of Supervisors of the County of Santa Barbara may, by ordinance or resolution, order the formation of the Santa Barbara Regional Health Authority under this chapter that shall include, but need not be limited to, all of the incorporated and unincorporated areas of the county.

(b) The Board of Supervisors of the County of San Luis Obispo may, by ordinance or resolution, authorize the provision of medical services by the authority within San Luis Obispo County and may participate on the board of directors of the authority as provided in this chapter.

SEC. 4. Section 101685 of the Health and Safety Code is amended to read:

101685. Unless the context otherwise requires, this article governs the construction of this chapter. As used in this chapter:

(a) "Authority" means the Santa Barbara San Luis Obispo Regional Health Authority.

(b) "Board" means the Santa Barbara San Luis Obispo Regional Health Authority Board of Directors.

(c) "Health care system" means any system established to arrange for the provision of medical services.

(d) "Public agency" means the United States, the State of California, any political subdivision, county, municipality, district, or agency of the State of California or of the United States and any department, bureau, or commission of the State of California or of the United States.

(e) "Person" means any individual, firm, partnership, association, corporation, limited liability company, trust, business trust, or the receiver or trustee or conservator for any of the above, but does not include a public agency.

(f) "Professional advisory boards" means the boards appointed by the board of directors of the authority pursuant to its rules which shall consist of a representative cross section of professional providers of health care services within the service area.

(g) "Community advisory boards" means advisory boards to the authority's board appointed by the board of directors of the authority which shall consist of persons who represent community and consumer interests and who do not directly earn their income from the provision of medical health services.

(h) "Service area" means Santa Barbara County, and those counties that are contiguous with Santa Barbara County.

SEC. 5. Section 101690 of the Health and Safety Code is amended to read:

101690. Upon the adoption of an ordinance or resolution by the Board of Supervisors of the County of San Luis Obispo authorizing the provision of medical services by the authority pursuant to subdivision (b) of Section 101680, the governing body of the authority shall be vested in a board of directors that shall consist of 13 members. Eight members shall be appointed by the Board of Supervisors of Santa Barbara County and five members shall be appointed by the Board of Supervisors of San Luis Obispo County.

(a) The Board of Supervisors of Santa Barbara County shall appoint members to the board of directors as follows:

(1) Three members shall be elected or appointed officers or employees of Santa Barbara County, at least one of whom shall be a member of the board of supervisors.

(2) Two members shall be residents of Santa Barbara County, one of whom shall be either a recipient of Medi-Cal, provided for under Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, a recipient of Medicare, provided for under Title XVIII of the federal Social Security Act, or a resident eligible to receive benefits and services under both Medi-Cal and Medicare, and the other member shall be a representative of a community business that does not provide health care.

(3) Three members shall be representatives of providers of health care services in the county including: (A) one physician who shall be appointed from a list established by the Santa Barbara County Medical Society; (B) one hospital administrator; and (C) one nonhospital or nonphysician health care provider.

(b) The Board of Supervisors of San Luis Obispo County shall appoint members to the board of directors as follows:

(1) Two members shall be elected or appointed officers or employees of San Luis Obispo County, at least one of whom shall be a member of the board of supervisors.

(2) One member shall be a resident of San Luis Obispo County and shall be either a recipient of Medi-Cal, provided for under Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, a recipient of Medicare, provided for under Title XVIII of the federal Social Security Act, or a resident eligible to receive benefits and services under both Medi-Cal and Medicare.

(3) Two members shall be representatives of providers of health care services in San Luis Obispo County, including one physician who shall

be appointed from a list established by the San Luis Obispo County Medical Society, and one hospital administrator who shall be appointed from a list established by the local hospital council.

(c) Each hospital administrator appointed to the board of directors shall be unaffiliated with the hospital group, network, or corporate entity of the other hospital board appointee. Each physician appointee to the board of directors shall be unaffiliated with the group, network, or corporate entity of the other physician board appointee.

(d) With regard to appointments made pursuant to paragraph (2) of subdivision (a) and paragraph (2) of subdivision (b), the appointments shall not result in two members who are both recipients of Medi-Cal only or both recipients of Medicare only.

SEC. 6. Section 101700 of the Health and Safety Code is amended to read:

101700. The board shall establish rules for its proceedings. There shall be at least four meetings per year. Board members shall be entitled to one hundred fifty dollars (\$150) per diem from authority funds, for each board meeting attended and the authority may pay per diem to board members attending meetings of committees of the board except that per diem for attending board meetings and board committee meetings shall not exceed the sum of two hundred dollars (\$200) per month, plus actual expenses incurred in attending meetings at rates payable to county officers and employees. The per diem rate of one hundred fifty dollars (\$150) may be increased by the board subject to approval by the boards of supervisors.

SEC. 7. Section 101715 of the Health and Safety Code is amended to read:

101715. Except for initial staggered terms that may be established by the board, the term of office of each noncounty member shall be two years and, in addition, time as necessary until the appointment and qualification of his or her successor. County officers or employees shall serve at the pleasure of the board of supervisors that appointed that officer or employee.

SEC. 8. Section 101720 of the Health and Safety Code is amended to read:

101720. Any vacancy on the board shall be filled for the unexpired term by the board of supervisors of the county authorized by Section 101690 to make the appointment to that position.

SEC. 9. Section 101750 of the Health and Safety Code is amended to read:

101750. The authority is hereby declared to be a body corporate and politic and it shall have power:

(a) To have perpetual succession.

(b) To sue and be sued in the name of the authority in all actions and proceedings in all courts and tribunals of competent jurisdiction.

(c) To adopt a seal and alter it at pleasure.

(d) To take by grant, purchase, gift, devise, or lease, to hold, use and enjoy, and to lease, convey or dispose of, real and personal property of every kind, within or without the boundaries of the authority, necessary or convenient to the full exercise of its powers. The board may lease, mortgage, sell, or otherwise dispose of any real or personal property within or without the boundaries of the authority necessary to the full or convenient exercise of its powers.

(e) To make and enter into contracts with any public agency or person for the purposes of this chapter, including, but not limited to, agreements under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code. Members of the board shall be disqualified from voting on contracts in which they have a financial interest. Notwithstanding any other provision of law, members shall not be disqualified from continuing to serve as a member of the board and a contract may not be avoided solely because of a member's financial interest.

(f) To appoint and employ an executive director and other employees as may be necessary, including legal counsel, fix their compensation and define their powers and duties. The board shall prescribe the amounts and forms of fidelity bonds of its officers and employees. The cost of these bonds shall be borne by the authority. The authority may also contract for the services of an independent contractor.

(g) To incur indebtedness not exceeding revenue in any year.

(h) To purchase supplies, equipment, materials, property, or services.

(i) To establish policies relating to its purposes.

(j) To acquire or contract to acquire, rights-of-way, easements, privileges, or property of every kind within or without the service area of the authority, and construct, equip, maintain, and operate any and all works or improvements within or without the boundaries of the authority necessary, convenient, or proper to carry out any of the provisions, objects or purposes of this chapter, and to complete, extend, add to, repair, or otherwise improve any works or improvements acquired by it.

(k) To make contracts and enter into stipulations of any nature upon the terms and conditions that the board finds are for the best interest of the authority for the full exercise of the powers granted in this chapter.

(l) To accept gifts, contributions, grants, or loans from any public agency or person for the purposes of this chapter. The authority may do any and all things necessary in order to avail itself of the gifts,

contributions, grants, or loans, and cooperate under any federal or state legislation in effect on March 25, 1982, or enacted after that date.

(m) To manage its moneys and to provide depository and auditing services pursuant to either of the methods applicable to special districts as set forth in the Government Code.

(n) To negotiate with service providers rates, charges, fees and rents, and to establish classifications of health care systems operated by the authority. Members of the board who are county officers and employees may vote to approve arrangements and agreements between the authority and the county as a service provider and these directors shall not thus be disqualified solely for the reason that they are employed by the county.

(o) To develop and implement health care delivery systems to promote quality care and cost efficiency and to provide appeal and grievance procedures available to both providers and consumers.

(p) To provide health care delivery systems for any or all of the following:

(1) For all persons who are eligible to receive medical benefits under the Medi-Cal Act, as set forth in Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, in the service area through waiver, pilot project, or otherwise.

(2) For all persons in the service area who are eligible to receive medical benefits under both Titles XVIII and XIX of the federal Social Security Act.

(3) For all persons in the service area who are eligible to receive medical benefits under Title XVIII of the federal Social Security Act.

(4) For all persons in the service area who are eligible to receive medical benefits under publicly supported programs if the authority, and participating providers acting pursuant to subcontracts with the authority, agree to hold harmless the beneficiaries of the publicly supported programs if the contract between the sponsoring government agency and the authority does not ensure sufficient funding to cover program benefits.

(q) To insure against any accident or destruction of its health care system or any part thereof. It may insure against loss of revenues from any cause. The authority may also provide insurance as provided in Part 6 (commencing with Section 989) of Division 3.6 of Title 1 of the Government Code.

(r) To exercise powers that are expressly granted and powers that are reasonably implied from express powers and necessary to carry out the purposes of this chapter.

(s) To do any and all things necessary to carry out the purposes of this chapter.

(t) With respect to services provided outside the county, the authority may only provide those services to the extent that the services are

authorized by resolution of the board of supervisors of the county in which the services are to be provided.

SEC. 10 Section 101760 of the Health and Safety Code is amended to read:

101760. Notwithstanding any other provision of this chapter, the board of supervisors of the county in which the appellant resides may review major administrative decisions of the authority, excluding those involving personnel matters, upon appeal by the affected person and upon a majority vote of that board of supervisors. That board of supervisors may either approve, modify, reflect, or repeal these decisions. The action of the board of supervisors shall be deemed to constitute a final administrative remedy after concurrence by the board of supervisors of the other county.

This section shall not be operative until adopted by resolution by the boards of supervisors of both counties.

SEC. 11. Section 101775 of the Health and Safety Code is amended to read:

101775. In the formation of the authority pursuant to this chapter, Chapter 6.6 (commencing with Section 54773) of Part 1 of Division 2 of Title 5 of the Government Code is not applicable.

SEC. 12. Section 101780 of the Health and Safety Code is amended to read:

101780. The Board of Supervisors of Santa Barbara County may, by ordinance or resolution, order the dissolution of the authority by declaring that there is no need for the authority to function in the county. The dissolution shall become effective 180 days after the date of adoption of the resolution or ordinance ordering the dissolution.

As of the effective date of the dissolution of the authority, the authority shall be dissolved, disincorporated and extinguished; its existence shall be terminated and all of its corporate powers shall cease, except for winding up the affairs of the authority.

For the purpose of winding up the affairs of the dissolved authority, the County of Santa Barbara shall be the successor.

Upon the effective date of dissolution, control over all of the moneys or funds, including those on hand, and those due, but uncollected, and all property, real or personal, of the authority shall be vested in the County of Santa Barbara for the purpose of winding up the affairs of the authority.

The powers of the county in winding up the affairs of the authority and the distribution of assets of the authority, shall be in accordance with Chapter 6 (commencing with Section 57450) of Part 5 of Division 3 of Title 5 of the Government Code. The liability of the County of Santa Barbara as successor shall be limited to the assets of the authority.

SEC. 13. Section 101781 is added to the Health and Safety Code, to read:

101781. The Board of Supervisors of either the County of San Luis Obispo or the County of Santa Barbara, or the board of directors of the authority, by ordinance or resolution, may terminate the authority's operation of a health care system or systems in the County of San Luis Obispo. The termination shall become effective 180 days after the adoption of the ordinance or resolution. If the termination is made by the board of supervisors of either county, the terminating county's liability to the authority shall be limited to the cost of terminating the authority's operations in the County of San Luis Obispo, including, but not limited to, the costs of terminating contracts and other obligations for space, services, employment, health care services, required notices to beneficiaries and subscribers, and moving expenses.

SEC. 14. Nothing in this act shall be construed to supersede Section 14094.3 of the Welfare and Institutions Code.

SEC. 15. Due to the unique circumstances concerning the Counties of Santa Barbara and San Luis Obispo, 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. Therefore, this act is necessarily applicable only to the Counties of Santa Barbara and San Luis Obispo.

CHAPTER 267

An act to amend Sections 20751, 20752, 20754, 20755, 20756, 20757, 20758, 21563, and 21563.5 of the Food and Agricultural Code, relating to cattle brands, and making an appropriation therefor.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 20751 of the Food and Agricultural Code is amended to read:

20751. The fee for each application for recording a brand is sixty dollars (\$60).

SEC. 2. Section 20752 of the Food and Agricultural Code is amended to read:

20752. The fee entitles the applicant to the recordation of one brand, one duplicate brand registration certificate, and the right to use the brand

until the following April 1st. The fee for each additional duplicate is ten dollars (\$10).

SEC. 3. Section 20754 of the Food and Agricultural Code is amended to read:

20754. Except as otherwise provided in Section 20755, the owner of a brand shall, on or before April 30th after its recordation, pay to the bureau a biennial period renewal fee of sixty dollars (\$60) for the right to continue to use the brand.

SEC. 4. Section 20755 of the Food and Agricultural Code is amended to read:

20755. The owner of a recorded brand may, on or before April 30th of any year, pay in advance to the bureau a sum which is a multiple of sixty dollars (\$60). The payment entitles him or her to use the brand for a minimum of two years, but not to exceed 10 years, at the rate of thirty dollars (\$30) per year from and after April 1st of that year. If the advance payment is made, biennial renewals for the years within the period for which advance payment has been made are not required.

SEC. 5. Section 20756 of the Food and Agricultural Code is amended to read:

20756. If the right to use a brand is suspended for failure to pay the renewal fee, it may be reinstated within one year from the date of suspension upon the payment of the biennial renewal fee of sixty dollars (\$60) plus a twenty-five dollar (\$25) penalty fee.

SEC. 6. Section 20757 of the Food and Agricultural Code is amended to read:

20757. (a) Except as provided in subdivision (b), the fee for rerecording a forfeited or canceled brand shall be one hundred twenty dollars (\$120). This amount shall accompany the application to rerecord.

(b) When a penalty has been paid pursuant to Section 20222, within 30 days of the date the application to rerecord is received by the director, the fee to rerecord shall be sixty dollars (\$60).

SEC. 7. Section 20758 of the Food and Agricultural Code is amended to read:

20758. The fee for recording the transfer of a brand, including a new certificate, is sixty dollars (\$60).

SEC. 8. Section 21563 of the Food and Agricultural Code is amended to read:

21563. Except as otherwise provided in this article, the fee shall be paid at the point of inspection and is one dollar and forty-four cents (\$1.44) for each carcass or hide which is inspected.

SEC. 9. Section 21563.5 of the Food and Agricultural Code is amended to read:

21563.5. The fee for the inspection of each carcass or hide shall be one dollar and forty-four cents (\$1.44) for each carcass and hide originating in those counties or geographical areas where a point-of-origin inspection is maintained pursuant to Article 4 (commencing with Section 21141) of Chapter 6.

CHAPTER 268

An act to add Section 367.5 to, and to repeal Sections 575.5, 575.6, and 1006.5 of, the Code of Civil Procedure and to repeal Section 68070.1 of the Government Code, relating to civil actions.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 367.5 is added to the Code of Civil Procedure, to read:

367.5. (a) It is the intent of this section to promote uniformity in the procedures and practices relating to telephone appearances in civil cases. To improve access to the courts and reduce litigation costs, courts should, to the extent feasible, permit parties to appear by telephone at appropriate conferences, hearings, and proceedings in civil cases.

(b) Except as provided in subdivision (c), in all general civil cases, as defined in the California Rules of Court, a party that has provided notice may appear by telephone at the following conferences, hearings, and proceedings:

(1) A case management conference, provided the party has made a good faith effort to meet and confer before the conference as required by law and has timely served and filed a case management statement.

(2) A trial setting conference.

(3) A hearing on law and motion, except motions in limine.

(4) A hearing on a discovery motion.

(5) A conference to review the status of an arbitration or mediation.

(6) A hearing to review the dismissal of an action.

(7) Any other hearing, conference, or proceeding if the court determines that a telephone appearance is appropriate.

(c) The court may require a party to appear in person at a hearing, conference, or proceeding listed in subdivision (b) if the court determines on a hearing-by-hearing basis that a personal appearance would materially

assist in the determination of the proceedings or in the effective management or resolution of the particular case.

(d) Consistent with its constitutional rulemaking authority, the Judicial Council shall adopt rules effectuating the policies and provisions in this section by January 1, 2008, and may adopt rules relating to matters not covered by subdivision (a). The rules may prescribe, but are not limited to prescribing, the notice to be given by a party requesting a telephone appearance under subdivision (a), the manner in which telephone appearances are to be conducted, the conditions required for a party to be permitted to appear by telephone, and provisions relating to the courts' use of private vendors to provide telephone services.

(e) This section does not apply to any types of cases or types of conferences, hearings, and proceedings except those specified in subdivision (b). Consistent with its constitutional rulemaking authority, the Judicial Council may by rule provide for the procedures and practices, and for the administration of, telephone appearances for all types of cases and matters not specified in subdivision (b). For these other cases and matters, the Judicial Council may specify the types of cases and matters in which parties may appear by telephone, the types of cases and matters in which parties shall appear personally, the conditions under which a party may be permitted to appear by telephone, and any other rules governing telephone and personal appearances that are within its rulemaking authority.

SEC. 2. Section 575.5 of the Code of Civil Procedure is repealed.

SEC. 3. Section 575.6 of the Code of Civil Procedure is repealed.

SEC. 4. Section 1006.5 of the Code of Civil Procedure is repealed.

SEC. 5. Section 68070.1 of the Government Code is repealed.

CHAPTER 269

An act to amend Sections 51420 and 51423 of the Education Code, relating to high school equivalency certificates.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 51420 of the Education Code is amended to read:

51420. The Superintendent shall issue a California high school equivalency certificate and an official score report, or an official score

report only, to any person who has not completed high school and who meets all of the following requirements:

(a) Is a resident of this state or is a member of the armed services assigned to duty in this state.

(b) Has taken all or a portion of a general educational development test that has been approved by the state board and that is administered by a testing center approved by the department, with a score determined by the state board to be equal to the standard of performance expected from high school graduates.

(c) Meets one of the following:

(1) Is at least 18 years of age.

(2) Would have graduated from high school had he or she remained in school and followed the usual course of study toward graduation.

(3) Is at least 17 years of age, has accumulated fewer than 100 units of high school credit, and is confined to a state or county hospital or to an institution maintained by a state or county correctional agency.

SEC. 2. Section 51423 of the Education Code is amended to read:

51423. (a) (1) The Superintendent may provide for the administration of the general educational development test to persons confined to state or county hospitals or to institutions maintained by state or county correctional agencies.

(2) Those agencies, upon request, shall reimburse the Superintendent in an amount sufficient to pay the cost of administering the test.

(b) Notwithstanding any other provision of law, the Superintendent may grant a waiver to a county office of education to provide a general educational development test preparation program, not to exceed one hour per schoolday, as part of any other instructional program during the regular schoolday to a person who is at least 17 years of age, has accumulated insufficient units of high school credit to graduate from high school by 18 years of age, and is confined to a state or county hospital or to an institution maintained by a state or county correctional agency.

CHAPTER 270

An act to amend Sections 32, 1622, 1626, 1637, 1639, 1673, 1675, 1676, 1688, 1749, 1749.3, 1749.31, 1749.8, and 10234.93 of, and to add Sections 1707.7 and 1749.33 to, the Insurance Code, relating to insurance licensees.

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

SECTION 1. Section 32 of the Insurance Code is amended to read:

32. (a) A life licensee is a person authorized to act as a life agent on behalf of a life insurer or a disability insurer to transact any of the following:

- (1) Life insurance.
- (2) Accident and health insurance.
- (3) Life and accident and health insurance.

(b) Licenses to act as a life agent under this chapter shall be of the types as set forth in Section 1626.

(c) A life agent may be authorized to transact 24-hour care coverage, as defined in Section 1749.02, pursuant to the requirements of subdivision (d) of Section 1749 or subdivision (b) of Section 1749.33.

SEC. 2. Section 1622 of the Insurance Code is amended to read:

1622. (a) A life licensee is a person authorized to act on behalf of a life insurer or a disability insurer to transact any of the following:

- (1) Life insurance.
- (2) Accident and health insurance.
- (3) Life and accident and health insurance.

(b) Licenses to act as a life agent under this chapter shall be of the types set forth in Section 1626.

SEC. 3. Section 1626 of the Insurance Code is amended to read:

1626. (a) A life licensee is a person authorized to act as a life agent. Licenses to act as a life agent under this chapter shall be of the following types:

(1) Life-only, which license shall entitle the licensee to transact insurance coverage on human lives, including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income.

(2) Accident and health, which license shall entitle the licensee to transact insurance coverage for sickness, bodily injury, or accidental death and may include benefits for disability income.

(b) A accident and health agent licensee is also authorized to transact 24-hour care coverage, as defined in Section 1749.02, pursuant to the requirements of subdivision (d) of Section 1749 or subdivision (d) of Section 1749.33.

SEC. 4. Section 1637 of the Insurance Code is amended to read:

1637. An organization may hold any license or licenses necessary to act in the following capacities under this chapter and no others:

- (a) A license to act as a life-only agent.
- (b) A license to act as an accident and health agent.
- (c) A license to act as a fire and casualty broker-agent.

- (d) A license to act as a cargo shipper's agent.
- (e) A license to act as a personal lines licensee.
- (f) A license to act as a credit insurance agent.
- (g) A license to act as a rental car agent.
- (h) A nonresident license to act as a limited lines licensee pursuant to subdivision (i) of Section 1639.
- (i) A license to act as a self-service storage agent.

SEC. 4.5. Section 1637 of the Insurance Code is amended to read:
1637. An organization may hold any license or licenses necessary to act in the following capacities under this chapter and no others:

- (a) A license to act as a life-only agent.
- (b) A license to act as an accident and health agent.
- (c) A license to act as a fire and casualty broker-agent.
- (d) A license to act as a cargo shipper's agent.
- (e) A license to act as a personal lines licensee.
- (f) A license to act as a credit insurance agent.
- (g) A license to act as a rental car agent.
- (h) A nonresident license to act as a limited lines licensee pursuant to subdivision (i) of Section 1639.

- (i) A license to act as a self-service storage agent.
- (j) A license to act as a limited lines automobile insurance agent.

SEC. 5. Section 1639 of the Insurance Code is amended to read:
1639. The following types of licenses under this chapter may be issued to nonresidents:

(a) A fire and casualty broker-agent if the nonresident is duly licensed to transact more than one class of insurance, other than life insurance, disability insurance, title insurance, or life and disability insurance, under the laws of the state, territory of the United States, or province of Canada where he or she maintains a resident license to transact insurance.

(b) A personal lines broker-agent if the nonresident is duly licensed to transact those lines of insurance described in Section 1625.5, under the laws of the state, territory of the United States, or province of Canada where the resident license is maintained.

(c) A life-only agent or an accident and health agent if the nonresident possesses a resident license in another state, territory of the United States, or province of Canada to transact life insurance or disability insurance.

(d) A nonresident life-only agent may be granted authority to transact variable contracts if he or she has been granted that authority by the state where the resident license is maintained.

(e) A surplus line broker and a special lines surplus broker if the nonresident holds that type of license in the state or territory of the United States where the resident license is maintained.

(f) A credit insurance agent if the nonresident holds that type of license in the state, territory of the United States, or province of Canada where the resident license is maintained.

(g) A rental car agent if the nonresident holds that type of license in the state, territory of the United States, or province of Canada where the resident license is maintained.

(h) A cargo shipper's agent if the nonresident holds that type of license in the state, territory of the United States, or province of Canada where the resident license is maintained.

(i) A limited lines license if the nonresident holds that type of license in the state, territory of the United States, or province of Canada where the resident license is maintained. As used in this section, "limited lines license" means any authority granted by the resident state that restricts the authority of the license to less than the total authority granted by any of the types of licenses identified in this section.

(j) A self-service storage agent if the nonresident holds that type of license in the state, territory of the United States, or Province of Canada where the resident license is maintained.

SEC. 6. Section 1673 of the Insurance Code is amended to read:

1673. A person licensed as a fire and casualty broker-agent or a life licensee may be authorized to transact disability insurance on behalf of any insurer which is authorized to transact disability insurance by the filing of a notice of appointment for that purpose. The authority to transact disability insurance given by an insurer to a person acting as an agent by appointment shall be effective as of the date the notice of appointment is signed by the insurer. That authority to transact shall apply to transactions occurring after that date and for the purpose of determining the insurer's liability for acts of appointed agents. The commissioner shall prescribe the forms of the notice of appointment.

SEC. 7. Section 1675 of the Insurance Code is amended to read:

1675. Except as provided in Section 1680, the following applicants who have theretofore been licensed under this code are exempt from the requirements of this article:

(a) An applicant for a license to act as a fire and casualty broker-agent who has been licensed as a fire and casualty broker-agent or surplus line broker during any part of the license year in which the application is filed or the immediately preceding license year.

(b) An applicant for a license to act as a life-only agent who has been licensed as a life-only agent during any part of the license year in which the application is filed or the immediately preceding license year.

(c) An applicant for a license to act as an accident and health agent who has been licensed as an accident and health agent during any part

of the license year in which the application is filed or the immediately preceding license year.

(d) An applicant for a license to act as travel insurance agent.

(e) An applicant specifically exempted from the particular qualifying examination requirement by other provisions of this code.

SEC. 8. Section 1676 of the Insurance Code is amended to read:

1676. (a) Except as set forth in Sections 1675 and 1679, the commissioner shall not issue a permanent license pursuant to this chapter to an applicant therefor unless the applicant has within the 12-month period next preceding the date of issue of the license taken and passed the qualifying examination for that license. This section shall not apply to a person licensed as a fire and casualty broker-agent who applies for a license as a personal lines broker-agent.

(b) An application for both the life-only and accident and health license types shall meet the requirement in subdivision (a) by passing one examination covering subjects pertaining to both license types. These applicants shall pay the fee for a life agent, as specified in subparagraph (2) of subdivision (a) of Section 1751.

(c) An applicant for a life-only license pursuant to Section 1626 or a life-only license limited to the payment of funeral and burial expenses who is limited by the terms of a written agreement with an insurer which has filed on that life-only agent's behalf a notice of appointment with the commissioner to transact only specific life insurance policies or annuities having an initial face amount of fifteen thousand dollars (\$15,000) or less that are designated by the purchaser for the payment of funeral and burial expenses, shall not be required to take the full life agent examination to obtain a license. The applicant shall be required to take an examination developed to test their knowledge of topics relevant to the type of policies that they are restricted to sell.

SEC. 9. Section 1688 of the Insurance Code is amended to read:

1688. To be eligible for a certificate of convenience to act as an industrial debit collection certificate holder, a person must be an applicant for a permanent license to act as a life-only agent or an accident and health agent. An industrial debit collection certificate shall be issued only to act in the capacity for which the license is sought.

SEC. 9.5. Section 1707.7 is added to the Insurance Code, to read:

1707.7. As part of the report required under Section 12922, the commissioner shall provide the following information for the previous calendar year ending December 31 for five years after the operative date of this section:

(a) The total number of applications filed for a fire and casualty broker-agent license, a personal lines broker-agent license, a limited

lines auto-only agent license, a life-only agent license, and an accident and health agent license.

(b) The total number of licensees issued a fire and casualty license, a personal lines license, a limited lines automobile license, a life-only license, and an accident and health license.

(c) The total number of licensees with both a life-only agent license and an accident and health agent license.

(d) The total justified complaints against the licensees enumerated in subdivision (b) annually for five years.

(e) At the end of five years following the issuance of auto-only agent, life-only agent and accident and health agent licenses, a cumulative summary of the data required by this section compared to the licenses issued for fire and casualty broker-agent, personal lines broker-agent, and life agent for the year immediately preceding the creation of this section.

SEC. 10. Section 1749 of the Insurance Code is amended to read:

1749. The department shall require all new applicants for license as a fire and casualty broker-agent, personal lines broker-agent, life-only agent, or accident and health agent to meet prelicensing education standards as follows:

(a) Require a minimum of 40 hours of prelicensing study as a prerequisite to qualification for a fire and casualty broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(b) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a personal lines broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(c) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a life-only agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(d) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for an accident and health agent license.

The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department. This curriculum shall also include instruction in workers' compensation and general principles of employers' liability.

(e) In addition to the 40 hours prelicensing education required to qualify for a license as a fire and casualty broker-agent, or the 20 hours prelicensing education required to qualify for a license as a personal lines broker-agent, a life-only agent, or an accident and health agent, the department shall require 12 hours of study on ethics and this code. Where an applicant seeks a license for more than one of the following license types: a fire and casualty broker-agent license, a personal lines broker-agent license, a life-only license, or an accident and health license, the applicant shall only be required to complete one 12-hour course on ethics and this code. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval.

(f) An applicant for a life-only license, an accident and health license, or a personal lines broker-agent license who is currently licensed as such in another state and who has completed 20 hours of prelicensing education as a requirement for licensing in that state shall be required to complete only the course of study on ethics and the Insurance Code, as required by Section 1749. Additionally, any applicant for such a license holding one or more of the designations specified in subdivisions (a) to (e), inclusive, of Section 1749.4 shall be exempted from any requirement for courses in general insurance that would otherwise be a condition of issuance of the license.

(g) An applicant for a fire and casualty broker-agent license who is currently licensed as such in another state and who has completed 40 hours of prelicensing education as a requirement for licensing in that state shall be required to complete only the course of study on ethics and the Insurance Code, as required by subdivision (e). Additionally, any applicant for such a license holding one or more of the designations specified in subdivisions (a) to (e), inclusive, of Section 1749.4, shall be exempted from any requirement for courses in general insurance that would otherwise be a condition of issuance of the license.

(h) An applicant for a fire and casualty broker-agent license who is licensed as a personal lines agent shall complete a minimum of 20 hours prelicensing study as a prerequisite. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. The applicant shall not be required

to repeat any prelicensing requirements completed as a prerequisite to being licensed as a personal lines agent.

(i) Review and approval of prelicensing courses not conducted in a classroom, as referenced in subdivisions (a), (b), (c), (d), and (h) shall include an evaluation of the safeguards in place to ensure that the student completing the course is the person enrolled in the course, methods used to monitor the students' attendance are adequate, methods for the student to interact with the entity providing the training exist, and methods used to record the times spent completing the course are adequate.

(j) Prelicensing certificates of completion expire three years from completion date of the course, whether or not a license is issued.

SEC. 10.5. Section 1749 of the Insurance Code is amended to read:

1749. The department shall require all new applicants for license as a fire and casualty broker-agent, limited lines automobile insurance agent, personal lines broker-agent, life-only agent, or accident and health agent to meet prelicensing education standards as follows:

(a) Require a minimum of 40 hours of prelicensing study as a prerequisite to qualification for a fire and casualty broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(b) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a personal lines broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(c) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a life-only agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(d) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for limited lines automobile insurance agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements under this section

shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(e) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for an accident and health insurance agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements under this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department. This curriculum shall also include instruction in workers' compensation and general principles of employers' liability.

(f) In addition to the 40 hours prelicensing education required to qualify for a license as a fire and casualty broker-agent, the 20 hours prelicensing education required to qualify for a license as a personal lines broker-agent, a life-only agent, or an accident and health agent, or the 20 hours prelicensing education required to qualify for a license as a limited lines automobile insurance agent, the department shall require 12 hours of study on ethics and this code. Where an applicant seeks a license for more than one of the following license types: a fire and casualty broker-agent license, a personal lines broker-agent license, a life-only license, or an accident and health license, the applicant shall only be required to complete one 12-hour course on ethics and this code. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval.

(g) An applicant for a life-only agent license, an accident and health license, a personal lines broker-agent license, or a limited lines automobile insurance agent license, who is currently licensed as such in another state and who has completed 20 hours of prelicensing education as a requirement for licensing in that state shall be required to complete only the course of study on ethics and the Insurance Code, as required by Section 1749. Additionally, any applicant for such a license holding one or more of the designations specified in subdivisions (a) to (e), inclusive, of Section 1749.4 shall be exempted from any requirement for courses in general insurance that would otherwise be a condition of issuance of the license.

(h) An applicant for a fire and casualty broker-agent license who is currently licensed as such in another state and who has completed 40 hours of prelicensing education as a requirement for licensing in that state shall be required to complete only the course of study on ethics and this code, as required by subdivision (f). Additionally, any applicant for such a license holding one or more of the designations specified in subdivisions (a) to (e), inclusive, of Section 1749.4, shall be exempted

from any requirement for courses in general insurance that would otherwise be a condition of issuance of a license.

(i) An applicant for a fire and casualty broker-agent license who is licensed as a personal lines agent shall complete a minimum of 20 hours prelicensing study as a prerequisite. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. The applicant shall not be required to repeat any prelicensing requirements completed as a prerequisite to being licensed as a personal lines agent.

(j) Review and approval of prelicensing courses not conducted in a classroom, as referenced in subdivisions (a), (b), (c), (d), and (i) shall include an evaluation of the safeguards in place to ensure that the student completing the course is the person enrolled in the course, methods used to monitor the students' attendance are adequate, methods for the student to interact with the entity providing the training exist, and methods used to record the times spent completing the course are adequate.

(k) Prelicensing certificates of completion expire three years from the completion date of the course, whether or not a license is issued.

SEC. 11. Section 1749.3 of the Insurance Code is amended to read:

1749.3. (a) An individual licensed as a life-only agent or an accident and health agent and also licensed as a fire and casualty broker-agent, or an individual only licensed as a fire and casualty broker-agent, shall complete those courses, programs of instruction, or seminars approved by the commissioner for the type of license held. Completion of specified product training required in subdivision (d) of Section 1749.33, subdivision (b) of Section 1749.8, and paragraph (4) of subdivision (a) of Section 10234.93 may result in the completion of more than the minimum of required continuing education hours. The minimum number of hours required is as follows:

(b) During each of the first four 12-month periods following the date of the original license issuance, a minimum of 25 hours.

(c) Any licensee who has complied with subdivision (b) in the first four years, shall thereafter satisfactorily complete 30 hours of instruction prior to renewal of the license. These hours of instruction may be completed at any time prior to renewal of the license.

(d) An individual licensed as a fire and casualty broker-agent and as a life-only agent or an accident and health agent shall satisfy the requirements of this section by demonstrating completion of the courses, programs of instruction, or seminars approved by the commissioner for any of the license types listed in subdivision (a).

(e) A licensee shall not be required to comply with the requirements of this article 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.

SEC. 12. Section 1749.31 of the Insurance Code is amended to read:

1749.31. (a) An individual licensed as a personal lines broker-agent shall complete required continuing education courses, programs of instruction, or seminars approved by the commissioner. The minimum number of hours required is 10 hours during each of the calendar years in a license term prior to the renewal of the license.

(b) An individual licensed as a personal lines broker-agent and as a life-only agent or accident and health agent shall satisfy the requirements of this section by satisfactorily completing 24 hours of instruction prior to renewal of the license.

SEC. 13. Section 1749.33 is added to the Insurance Code, to read:

1749.33. (a) A life-only agent licensee shall satisfactorily complete 24 hours of instruction prior to renewal of the license. These hours of instruction may be completed at any time prior to renewal of the license.

(b) An accident and health agent licensee shall satisfactorily complete 24 hours of instruction prior to renewal of the license. These hours of instruction may be completed at any time prior to renewal of the license.

(c) An agent licensed as both a life-only agent and as an accident and health agent shall satisfactorily complete a total of 24 hours of instruction prior to renewal of the license. These hours of instruction may be completed at any time prior to renewal of the license.

(d) Any accident and health agent who wishes to sell 24-hour care coverage, as defined in Section 1749.02, shall complete a course, program of instruction, or seminar of an approved continuing education provider on workers' compensation and general principles of employer liability, which shall be completed by examination approved by the commissioner as part of the continuing education course, program of instruction, or seminar prior to selling this coverage. The required number of instruction hours shall be equal to but no greater than that required by the curriculum board for the preclicensing requirements of a fire and casualty broker-agent on these subjects. For resident licensees, this requirement shall count toward the licensee's continuing education requirement, but may still result in completing more than the minimum number of continuing education hours set forth in this section. Nothing in this section shall be deemed to allow an accident and health agent to satisfy the obligations set forth in this section by other than a proctored examination administered or approved by the department.

SEC. 14. Section 1749.8 of the Insurance Code is amended to read:

1749.8. (a) Effective January 1, 2005, every life agent who sells annuities shall satisfactorily complete eight hours of training prior to soliciting individual consumers in order to sell annuities.

(b) Effective January 1, 2005, every life agent who sells annuities shall satisfactorily complete four hours of training every two years prior to license renewal. For resident licensees, this requirement shall count toward the licensee's continuing education requirement, but may still result in completing more than the minimum number of continuing education hours set forth in this section.

(c) The training required by this section shall be approved by the commissioner and shall consist of topics related to annuities, and California law, regulations, and requirements related to annuities, prohibited sales practices, the recognition of indicators that a prospective insured may lack the short-term memory or judgment to knowingly purchase an insurance product, and fraudulent and unfair trade practices. Subject matter determined by the commissioner to be primarily intended to promote the sale or marketing of annuities shall not qualify for credit towards the training requirement. Any course or seminar that is disapproved under the provisions of this section shall be presumed invalid for credit towards the training requirement of this section unless it is approved in writing by the commissioner.

(d) The training requirements set forth in this section shall not apply to nonresident agents representing an insurer that is a direct response provider.

For the purposes of this section, "direct response provider" means an insurer that meets each of the following criteria:

(1) The insurer does not initiate telephone contact with insureds or prospective insureds.

(2) Agents of the insurer speak with insureds and prospective insureds only by telephone, and at the request of the insureds or prospective insureds.

(3) Agents of the insurer are assigned to speak with insureds or prospective insureds on a random basis, when contacted.

(4) Agents of the insurer are salaried and do not receive commissions for sales or referrals.

SEC. 15. Section 10234.93 of the Insurance Code is amended to read:

10234.93. (a) Every insurer of long-term care in California shall:

(1) Establish marketing procedures to assure that any comparison of policies by its agents or other producers will be fair and accurate.

(2) Establish marketing procedures to assure excessive insurance is not sold or issued.

(3) Submit to the commissioner within six months of the effective date of this act, a list of all agents or other insurer representatives authorized to solicit individual consumers for the sale of long-term care insurance. These submissions shall be updated at least semiannually.

(4) Provide the following training and require that each agent or other insurer representative authorized to solicit individual consumers for the sale of long-term care insurance shall satisfactorily complete the following training requirements that, for resident licensees, shall count toward the licensee's continuing education requirement, but may still result in completing more than the minimum number of continuing education hours set forth in this section:

(A) For licensees issued a license after January 1, 1992, eight hours of training in each of the first four 12-month periods beginning from the date of original license issuance and thereafter eight hours of training prior to each license renewal.

(B) For licensees issued a license before January 1, 1992, eight hours of training prior to each license renewal.

(C) For nonresident licensees that are not otherwise subject to the continuing education requirements set forth in Section 1749.3, the evidence of training required by this section shall be filed with and approved by the commissioner as provided in subdivision (g) of Section 1749.4.

Licensees shall complete the initial training requirements of this section prior to being authorized to solicit individual consumers for the sale of long-term care insurance.

The training required by this section shall consist of topics related to long-term care services and long-term care insurance, including, but not limited to, California regulations and requirements, available long-term care services and facilities, changes or improvements in services or facilities, and alternatives to the purchase of private long-term care insurance. On or before July 1, 1998, the following additional training topics shall be required: differences in eligibility for benefits and tax treatment between policies intended to be federally qualified and those not intended to be federally qualified, the effect of inflation in eroding the value of benefits and the importance of inflation protection, and NAIC consumer suitability standards and guidelines.

(5) Display prominently on page one of the policy or certificate and the outline of coverage: "Notice to buyer: This policy may not cover all of the costs associated with long-term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all policy limitations."

(6) Inquire and otherwise make every reasonable effort to identify whether a prospective applicant or enrollee for long-term care insurance already has accident and sickness or long-term care insurance and the types and amounts of any such insurance.

(7) Every insurer or entity marketing long-term care insurance shall establish auditable procedures for verifying compliance with this subdivision.

(8) Every insurer shall provide to a prospective applicant, at the time of solicitation, written notice that the Health Insurance Counseling and Advocacy Program (HICAP) provides health insurance counseling to senior California residents free of charge. Every agent shall provide the name, address, and telephone number of the local HICAP program and the statewide HICAP number, 1-800-434-0222.

(9) Provide a copy of the long-term care insurance shoppers guide developed by the California Department of Aging to each prospective applicant prior to the presentation of an application or enrollment form for insurance.

(b) In addition to other unfair trade practices, including those identified in this code, the following acts and practices are prohibited:

(1) Twisting. 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 any insurance policy or to take out a policy of insurance with another insurer.

(2) High pressure tactics. 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. Making use directly or indirectly of any method of marketing which fails to disclose in a conspicuous manner that a purpose of the method of marketing is solicitation of insurance and that contact will be made by an insurance agent or insurance company.

SEC. 16. Section 4.5 of this bill incorporates amendments to Section 1637 of the Insurance Code proposed by both this bill and AB 797. It shall become operative only if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 1627 of the Insurance Code, and (3) this bill is enacted after AB 797, in which case Section 4 of this bill shall not become operative.

SEC. 17. Section 10.5. of this bill incorporates amendments to Section 1749 of the Insurance Code proposed by both this bill and AB 797. It shall become operative only if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section

1749 of the Insurance Code, and (3) this bill is enacted after AB 797, in which case Section 10 of this bill shall not become operative.

CHAPTER 271

An act to amend Sections 1637, 1749, 1749.1, and 1751.1 of, and to add Sections 1625.55, 1625.56, 1625.57, and 1749.32 to, the Insurance Code, relating to insurance.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 1625.55 is added to the Insurance Code, to read:

1625.55. (a) A limited lines automobile insurance agent is a person authorized to transact automobile insurance, as defined in Section 660. A limited lines automobile insurance agent license is a license to so act.

(b) A license under this section shall be applied for and renewed, following successful completion of a qualifying examination on this code, ethics, and products sold under the license, in the same manner as provided in this chapter for a license to act as a fire and casualty broker-agent.

(c) The commissioner shall require in advance a fee for filing any applications, renewals thereof, or changes in outstanding licenses, or for the filing of other required documents at an amount designated in this chapter for a personal lines licensee, and for filing any notice of appointment or notice of termination at an amount specified in Section 1751.3.

(d) A person licensed as a limited lines automobile insurance agent who makes an application to the commissioner to become a fire and casualty broker-agent pursuant to Section 1625 or a personal lines agent pursuant to Section 1625.5 shall do all of the following:

- (1) Submit an application on a form provided by the commissioner.
- (2) Complete prelicensing education as specified in Section 1749.
- (3) Take and pass a qualifying examination pursuant to Section 1676.

SEC. 2. Section 1625.56 is added to the Insurance Code, to read:

1625.56. "License year" for a limited lines automobile insurance agent shall be determined as follows:

(a) Upon initial licensing, the license year starts on the date the license is issued.

(b) Subsequently, each license year starts the first day of the month following the month in which the initial license was issued.

(c) A license year ends the following calendar year on the last calendar day of the month in which the initial license was issued.

SEC. 3. Section 1625.57 is added to the Insurance Code, to read:

1625.57. "License term" for a limited lines automobile insurance agent means all of that two-year period beginning as described in subdivision (a) or (b) of Section 1625.56, as applicable, and ending the second succeeding year on the last calendar day of the month in which the initial license was issued.

SEC. 4. Section 1637 of the Insurance Code is amended to read:

1637. An organization may hold any license or licenses necessary to act in the following capacities under this chapter and no others:

- (a) A license to act as a life agent.
- (b) A license to act as a fire and casualty broker-agent.
- (c) A license to act as a cargo shipper's agent.
- (d) A license to act as a personal lines licensee.
- (e) A license to act as a credit insurance agent.
- (f) A license to act as a rental car agent.
- (g) A nonresident license to act as a limited lines licensee pursuant to subdivision (i) of Section 1639.
- (h) A license to act as a self-service storage agent.
- (i) A license to act as a limited lines automobile insurance agent.

SEC. 4.5. Section 1637 of the Insurance Code is amended to read:

1637. An organization may hold any license or licenses necessary to act in the following capacities under this chapter and no others:

- (a) A license to act as a life-only agent.
- (b) A license to act as an accident and health agent.
- (c) A license to act as a fire and casualty broker-agent.
- (d) A license to act as a cargo shipper's agent.
- (e) A license to act as a personal lines licensee.
- (f) A license to act as a credit insurance agent.
- (g) A license to act as a rental car agent.
- (h) A nonresident license to act as a limited lines licensee pursuant to subdivision (i) of Section 1639.
- (i) A license to act as a self-service storage agent.
- (j) A license to act as a limited lines automobile insurance agent.

SEC. 5. Section 1749 of the Insurance Code is amended to read:

1749. The department shall require all new applicants for license as a fire and casualty broker-agent, personal lines broker-agent, limited lines automobile insurance agent, or as a life agent to meet preclicensing education standards as follows:

(a) Require a minimum of 40 hours of prelicensing study as a prerequisite to qualification for a fire and casualty broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(b) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a personal lines broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(c) Require a minimum of 40 hours of prelicensing study as a prerequisite for qualification for a life agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department. This curriculum shall also include instruction in workers' compensation and general principles of employers' liability.

(d) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a limited lines automobile insurance agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements under this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(e) In addition to the 40 hours prelicensing education required to qualify for a license as a fire and casualty broker-agent or life agent, the 20 hours prelicensing education required to qualify for a license as a personal lines broker-agent, or the 20 hours prelicensing education required to qualify for a license as a limited lines automobile insurance agent, the department shall require 12 hours of study on ethics and this code. Where an applicant seeks a license for both the fire and casualty broker-agent license and the life license, the applicant shall only be required to complete one 12-hour course on ethics and this code. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval.

(f) An applicant for a life agent license, a fire and casualty broker-agent license, a personal lines broker-agent license or a limited lines automobile insurance agent license, who is currently licensed as

such in another state and who has completed 40 hours of prelicensing education as a requirement for licensing in that state shall be required to complete only the course of study on ethics and the Insurance Code, as required by Section 1749. Additionally, any applicant for such a license holding one or more of the designations specified in subdivisions (a) to (e), inclusive, of Section 1749.4 shall be exempted from any requirement for courses in general insurance that would otherwise be a condition of issuance of the license.

(g) An applicant for a fire and casualty broker-agent license who is licensed as a personal lines agent shall complete a minimum of 20 hours prelicensing study as a prerequisite. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. The applicant shall not be required to repeat any prelicensing requirements completed as a prerequisite to being licensed as a personal lines agent.

(h) Review and approval of prelicensing courses not conducted in a classroom, as referenced in subdivisions (a), (b), (c), (d), and (g) shall include an evaluation of the safeguards in place to ensure that the student completing the course is the person enrolled in the course, methods used to monitor the students' attendance are adequate, methods for the student to interact with the entity providing the training exist, and methods used to record the times spent completing the course are adequate.

(i) Prelicensing certificates of completion expire three years from the completion date of the course, whether or not a license is issued.

SEC. 5.5. Section 1749 of the Insurance Code is amended to read:

1749. The department shall require all new applicants for license as a fire and casualty broker-agent, limited lines automobile insurance agent, personal lines broker-agent, life-only agent, or accident and health agent to meet prelicensing education standards as follows:

(a) Require a minimum of 40 hours of prelicensing study as a prerequisite to qualification for a fire and casualty broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(b) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a personal lines broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(c) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a life-only agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(d) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for limited lines automobile insurance agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements under this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(e) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for an accident and health insurance agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements under this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department. This curriculum shall also include instruction in workers' compensation and general principles of employers' liability.

(f) In addition to the 40 hours prelicensing education required to qualify for a license as a fire and casualty broker-agent, the 20 hours prelicensing education required to qualify for a license as a personal lines broker-agent, a life-only agent, or an accident and health agent, or the 20 hours prelicensing education required to qualify for a license as a limited lines automobile insurance agent, the department shall require 12 hours of study on ethics and this code. Where an applicant seeks a license for more than one of the following license types: a fire and casualty broker-agent license, a personal lines broker-agent license, a life-only license, or an accident and health license, the applicant shall only be required to complete one 12-hour course on ethics and this code. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval.

(g) An applicant for a life-only agent license, an accident and health license, a personal lines broker-agent license, or a limited lines automobile insurance agent license, who is currently licensed as such in another state and who has completed 20 hours of prelicensing education as a requirement for licensing in that state shall be required to complete only the course of study on ethics and the Insurance Code, as required by Section 1749. Additionally, any applicant for such a license holding

one or more of the designations specified in subdivisions (a) to (e), inclusive, of Section 1749.4 shall be exempted from any requirement for courses in general insurance that would otherwise be a condition of issuance of the license.

(h) An applicant for a fire and casualty broker-agent license who is currently licensed as such in another state and who has completed 40 hours of prelicensing education as a requirement for licensing in that state shall be required to complete only the course of study on ethics and this code, as required by subdivision (f). Additionally, any applicant for such a license holding one or more of the designations specified in subdivisions (a) to (e), inclusive, of Section 1749.4, shall be exempted from any requirement for courses in general insurance that would otherwise be a condition of issuance of a license.

(i) An applicant for a fire and casualty broker-agent license who is licensed as a personal lines agent shall complete a minimum of 20 hours prelicensing study as a prerequisite. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. The applicant shall not be required to repeat any prelicensing requirements completed as a prerequisite to being licensed as a personal lines agent.

(j) Review and approval of prelicensing courses not conducted in a classroom, as referenced in subdivisions (a), (b), (c), (d), and (i) shall include an evaluation of the safeguards in place to ensure that the student completing the course is the person enrolled in the course, methods used to monitor the students' attendance are adequate, methods for the student to interact with the entity providing the training exist, and methods used to record the times spent completing the course are adequate.

(k) Prelicensing certificates of completion expire three years from the completion date of the course, whether or not a license is issued.

SEC. 6. Section 1749.1 of the Insurance Code is amended to read:

1749.1. (a) The commissioner shall appoint a curriculum board consisting of representatives of insurance agents, brokers, and life agents trade associations and representatives of insurance companies and consumer groups to develop the prelicensing and continuing education curriculum, including a list of preapproved courses of study, including courses of study for professional designations which would satisfy the requirements of this article. The curriculum board shall develop or recommend courses of study covering all lines of insurance to be sold under each license including, but not limited to, any special products such as long-term care insurance, Medi-gap policies, disability insurance products, and course study on ethics and pertinent sections of this code. The curriculum developed and the courses of study approved by the board shall be submitted to the commissioner for final approval.

(b) The curriculum board shall also develop standards for providers and instructors of prelicensing and continuing education courses, programs, and seminars, which standards shall be approved by the board and submitted to the commissioner for final approval. The curriculum board may approve standards for courses in business management practices which may consist of up to 25 percent of the agent or broker requirements for license renewal. No prelicensing or continuing education course shall include sales training, motivational training, self-improvement training, or training offered by insurers or agents regarding new products or programs.

(c) For purposes of applying subdivision (b), courses in “business management practices” shall consist of the following subject matter:

(1) Accounting and financial management, including trust account maintenance, reconciliation and auditing, financial statements, business budgeting, income and expense ratios, banking and investment practices, and business perpetuation and planning.

(2) Information and database management, including recordkeeping, privacy law, and other legal requirements covering the use of information.

(3) Human resource management, including employee compliance supervision, recruitment, training, and licensing.

(4) Customer service management, consisting of methods to improve handling of consumer inquiries and complaints.

(5) Communication skills, consisting of methods to improve writing and verbal skills for communication with clients, employees, insurance carriers, claims departments, and regulators.

(d) Whenever the commissioner has reasonable cause to believe, and determines after public hearing, that any approved course, program of instruction, or seminar is being conducted so as to fail to meet the commissioner’s prelicensing or continuing education curriculum, or any provider or instructor for any course, program, or seminar has failed to comply with the commissioner’s standards, the commissioner may make and serve upon the provider or instructor of that course, program, or seminar an order or orders rescinding approval for that provider, course, program, or seminar, or imposing fines and penalties on that provider, or both. The amount of any fines and penalties shall not exceed the amounts set forth in Section 1748, and shall be based on the criteria for assessing penalties specified in that section. No credit towards meeting the requirements of this article shall be granted any applicant or licensee for completion of a course, program, or seminar after the effective date of any order rescinding approval for that course, program, or seminar. The commissioner shall serve notice of hearing required by this section upon the provider or instructor of the course, program, or seminar, stating the time and place therefor, and the grounds upon which his or her order

is made. The hearing shall occur not less than 30 nor more than 60 days after notice is served.

(e) The commissioner may impose monetary penalties for minor instances of noncompliance with the standards established pursuant to this article, such as late course roster submissions and late course presentation schedules. The monetary penalties shall not exceed the amounts of the fees established pursuant to Section 1751.1. The commissioner shall adopt regulations to establish the monetary penalties to be levied against providers for late filings and other minor instances of noncompliance with this article and Article 6.5 of Subchapter 1 of Chapter 5 of Title 10 of the California Code of Regulations.

SEC. 7. Section 1749.32 is added to the Insurance Code, to read:

1749.32. (a) An individual licensed as a limited lines automobile insurance agent shall complete required continuing education courses, programs of instruction, or seminars approved by the commissioner. The minimum number of hours required is 20 hours per license term prior to the renewal of the license.

(b) An individual licensed as a limited automobile insurance agent and as a life-only agent or accident and health agent shall satisfy the requirements of this section by satisfactorily completing 24 hours of instruction prior to renewal of the license.

SEC. 8. Section 1751.1 of the Insurance Code is amended to read:

1751.1. (a) The commissioner shall require fifty dollars (\$50) in advance as a fee for filing an application for certification as a prelicensing or continuing education provider pursuant to Section 1749.1. That certification shall be effective for a period of 24 months.

(b) The commissioner shall require fifty dollars (\$50) in advance as a fee for filing an application to renew certification as a prelicensing or continuing education provider pursuant to Section 1749.1. That certification shall be effective for a period of 24 months.

(c) The commissioner shall require fifty dollars (\$50) in advance as a fee for filing an application for certification of a prelicensing education course pursuant to Section 1749. That certification shall be effective for a period of 24 months.

(d) The commissioner shall require twenty-five dollars (\$25) in advance as a fee for filing an application to renew certification of a prelicensing education course pursuant to Section 1749. That certification shall be effective for a period of 24 months.

(e) The commissioner shall require twenty-five dollars (\$25) in advance as a fee for filing an application for certification of a continuing education course, program, or seminar pursuant to Section 1749.3 and Section 1749.32. That certification shall be effective for a period of 24 months.

(f) The commissioner shall require ten dollars (\$10) in advance as a fee for filing an application to renew certification of a continuing education course, program, or seminar pursuant to Section 1749.3 and Section 1749.32. That certification shall be effective for a period of 24 months.

SEC. 9. Section 4.5 of this bill incorporates amendments to Section 1637 of the Insurance Code proposed both by this bill and AB 720. It shall become effective only if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 1637 of the Insurance Code, and (3) this bill is enacted after AB 720, in which case Section 4 of this bill shall not become operative.

SEC. 10. Section 5.5 of this bill incorporates amendments to Section 1749 of the Insurance Code proposed both by this bill and AB 720. It shall become effective only if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 1749 of the Insurance Code, and (3) this bill is enacted after AB 720, in which case Section 5 of this bill shall not become operative.

CHAPTER 272

An act to amend Sections 1095 and 1281 of the Unemployment Insurance Code, relating to unemployment insurance.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 1095 of the Unemployment Insurance Code is amended to read:

1095. The director shall permit the use of any information in his or her possession to the extent necessary for any of the following purposes and may require reimbursement for all direct costs incurred in providing any and all information specified in this section, except information specified in subdivisions (a) to (e), inclusive:

(a) To enable the director or his or her representative to carry out his or her responsibilities under this code.

(b) To properly present a claim for benefits.

(c) To acquaint a worker or his or her authorized agent with his or her existing or prospective right to benefits.

(d) To furnish an employer or his or her authorized agent with information to enable him or her to fully discharge his or her obligations

or safeguard his or her rights under this division or Division 3 (commencing with Section 9000).

(e) To enable an employer to receive a reduction in contribution rate.

(f) To enable federal, state, or local government departments or agencies, subject to federal law, to verify or determine the eligibility or entitlement of an applicant for, or a recipient of, public social services provided pursuant to Division 9 (commencing with Section 10000) of the Welfare and Institutions Code, or Part A of Title IV of the Social Security Act, where the verification or determination is directly connected with, and limited to, the administration of public social services.

(g) To enable county administrators of general relief or assistance, or their representatives, to determine entitlement to locally provided general relief or assistance, where the determination is directly connected with, and limited to, the administration of general relief or assistance.

(h) To enable state or local governmental departments or agencies to seek criminal, civil, or administrative remedies in connection with the unlawful application for, or receipt of, relief provided under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or to enable the collection of expenditures for medical assistance services pursuant to Part 5 (commencing with Section 17000) of Division 9 of the Welfare and Institutions Code.

(i) To provide any law enforcement agency with the name, address, telephone number, birth date, social security number, physical description, and names and addresses of present and past employers, of any victim, suspect, missing person, potential witness, or person for whom a felony arrest warrant has been issued, when a request for this information is made by any investigator or peace officer as defined by Sections 830.1 and 830.2 of the Penal Code, or by any federal law enforcement officer to whom the Attorney General has delegated authority to enforce federal search warrants, as defined under Sections 60.2 and 60.3 of Title 28 of the Code of Federal Regulations, as amended, and when the requesting officer has been designated by the head of the law enforcement agency and requests this information in the course of and as a part of an investigation into the commission of a crime when there is a reasonable suspicion that the crime is a felony and that the information would lead to relevant evidence. The information provided pursuant to this subdivision shall be provided to the extent permitted by federal law and regulations, and to the extent the information is available and accessible within the constraints and configurations of existing department records. Any person who receives any information under this subdivision shall make a written report of the information to the law enforcement agency that employs him or her, for filing under the normal procedures of that agency.

(1) This subdivision shall not be construed to authorize the release to any law enforcement agency of a general list identifying individuals applying for or receiving benefits.

(2) The department shall maintain records pursuant to this subdivision only for periods required under regulations or statutes enacted for the administration of its programs.

(3) This subdivision shall not be construed as limiting the information provided to law enforcement agencies to that pertaining only to applicants for, or recipients of, benefits.

(4) The department shall notify all applicants for benefits that release of confidential information from their records will not be protected should there be a felony arrest warrant issued against the applicant or in the event of an investigation by a law enforcement agency into the commission of a felony.

(j) To provide public employee retirement systems in California with information relating to the earnings of any person who has applied for or is receiving a disability income, disability allowance, or disability retirement allowance, from a public employee retirement system. The earnings information shall be released only upon written request from the governing board specifying that the person has applied for or is receiving a disability allowance or disability retirement allowance from its retirement system. The request may be made by the chief executive officer of the system or by an employee of the system so authorized and identified by name and title by the chief executive officer in writing.

(k) To enable the Division of Labor Standards Enforcement in the Department of Industrial Relations to seek criminal, civil, or administrative remedies in connection with the failure to pay, or the unlawful payment of, wages pursuant to Chapter 1 (commencing with Section 200) of Part 1 of Division 2 of, and Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of, the Labor Code.

(l) To enable federal, state, or local governmental departments or agencies to administer child support enforcement programs under Title IV of the Social Security Act (42 U.S.C. Sec. 651 et seq.).

(m) To provide federal, state, or local governmental departments or agencies with wage and claim information in its possession that will assist those departments and agencies in the administration of the Victims of Crime Program or in the location of victims of crime who, by state mandate or court order, are entitled to restitution that has been or can be recovered.

(n) To provide federal, state, or local governmental departments or agencies with information concerning any individuals who are or have been:

(1) Directed by state mandate or court order to pay restitution, fines, penalties, assessments, or fees as a result of a violation of law.

(2) Delinquent or in default on guaranteed student loans or who owe repayment of funds received through other financial assistance programs administered by those agencies. The information released by the director for the purposes of this paragraph shall not include unemployment insurance benefit information.

(o) To provide an authorized governmental agency with any or all relevant information that relates to any specific workers' compensation insurance fraud investigation. The information shall be provided to the extent permitted by federal law and regulations. For the purposes of this subdivision, "authorized governmental agency" means the district attorney of any county, the office of the Attorney General, the Department of Industrial Relations, and the Department of Insurance. An authorized governmental agency may disclose this information to the State Bar, the Medical Board of California, or any other licensing board or department whose licensee is the subject of a workers' compensation insurance fraud investigation. This subdivision shall not prevent any authorized governmental agency from reporting to any board or department the suspected misconduct of any licensee of that body.

(p) To enable the Director of the Bureau for Private Postsecondary and Vocational Education, or his or her representatives, to access unemployment insurance quarterly wage data on a case-by-case basis to verify information on school administrators, school staff, and students provided by those schools who are being investigated for possible violations of Chapter 7 (commencing with Section 94700) of Part 59 of the Education Code.

(q) To provide employment tax information to the tax officials of Mexico, if a reciprocal agreement exists. For purposes of this subdivision, "reciprocal agreement" means a formal agreement to exchange information between national taxing officials of Mexico and taxing authorities of the State Board of Equalization, the Franchise Tax Board, and the Employment Development Department. Furthermore, the reciprocal agreement shall be limited to the exchange of information that is essential for tax administration purposes only. Taxing authorities of the State of California shall be granted tax information only on California residents. Taxing authorities of Mexico shall be granted tax information only on Mexican nationals.

(r) To enable city and county planning agencies to develop economic forecasts for planning purposes. The information shall be limited to businesses within the jurisdiction of the city or county whose planning agency is requesting the information, and shall not include information regarding individual employees.

(s) To provide the State Department of Developmental Services with wage and employer information that will assist in the collection of moneys owed by the recipient, parent, or any other legally liable individual for services and supports provided pursuant to Chapter 9 (commencing with Section 4775) of Division 4.5 of, and Chapter 2 (commencing with Section 7200) and Chapter 3 (commencing with Section 7500) of Division 7 of, the Welfare and Institutions Code.

(t) Nothing in this section shall be construed to authorize or permit the use of information obtained in the administration of this code by any private collection agency.

(u) The disclosure of the name and address of an individual or business entity that was issued an assessment that included penalties under Section 1128 or 1128.1 shall not be in violation of Section 1094 if the assessment is final. The disclosure may also include any of the following:

- (1) The total amount of the assessment.
- (2) The amount of the penalty imposed under Section 1128 or 1128.1 that is included in the assessment.
- (3) The facts that resulted in the charging of the penalty under Section 1128 or 1128.1.

(v) To enable the Contractors' State License Board to verify the employment history of an individual applying for licensure pursuant to Section 7068 of the Business and Professions Code.

(w) To provide any peace officer with the Division of Investigation in the Department of Consumer Affairs information pursuant to subdivision (i) when the requesting peace officer has been designated by the Chief of the Division of Investigations and requests this information in the course of and in part of an investigation into the commission of a crime or other unlawful act when there is reasonable suspicion to believe that the crime or act may be connected to the information requested and would lead to relevant information regarding the crime or unlawful act.

(x) To enable the Chancellor of the California Community Colleges, in accordance with the requirements of Section 84754.5 of the Education Code, to obtain quarterly wage data, commencing January 1, 1993, on students who have attended one or more community colleges, to assess the impact of education on the employment and earnings of students, to conduct the annual evaluation of district-level and individual college performance in achieving priority educational outcomes, and to submit the required reports to the Legislature and Governor. The information shall be provided to the extent permitted by federal statutes and regulations.

SEC. 1.5. Section 1095 of the Unemployment Insurance Code is amended to read:

1095. The director shall permit the use of any information in his or her possession to the extent necessary for any of the following purposes and may require reimbursement for all direct costs incurred in providing any and all information specified in this section, except information specified in subdivisions (a) to (e), inclusive:

(a) To enable the director or his or her representative to carry out his or her responsibilities under this code.

(b) To properly present a claim for benefits.

(c) To acquaint a worker or his or her authorized agent with his or her existing or prospective right to benefits.

(d) To furnish an employer or his or her authorized agent with information to enable him or her to fully discharge his or her obligations or safeguard his or her rights under this division or Division 3 (commencing with Section 9000).

(e) To enable an employer to receive a reduction in contribution rate.

(f) To enable federal, state, or local government departments or agencies, subject to federal law, to verify or determine the eligibility or entitlement of an applicant for, or a recipient of, public social services provided pursuant to Division 9 (commencing with Section 10000) of the Welfare and Institutions Code, or Part A of Title IV of the Social Security Act, where the verification or determination is directly connected with, and limited to, the administration of public social services.

(g) To enable county administrators of general relief or assistance, or their representatives, to determine entitlement to locally provided general relief or assistance, where the determination is directly connected with, and limited to, the administration of general relief or assistance.

(h) To enable state or local governmental departments or agencies to seek criminal, civil, or administrative remedies in connection with the unlawful application for, or receipt of, relief provided under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or to enable the collection of expenditures for medical assistance services pursuant to Part 5 (commencing with Section 17000) of Division 9 of the Welfare and Institutions Code.

(i) To provide any law enforcement agency with the name, address, telephone number, birth date, social security number, physical description, and names and addresses of present and past employers, of any victim, suspect, missing person, potential witness, or person for whom a felony arrest warrant has been issued, when a request for this information is made by any investigator or peace officer as defined by Sections 830.1 and 830.2 of the Penal Code, or by any federal law enforcement officer to whom the Attorney General has delegated authority to enforce federal search warrants, as defined under Sections 60.2 and 60.3 of Title 28 of the Code of Federal Regulations, as amended,

and when the requesting officer has been designated by the head of the law enforcement agency and requests this information in the course of and as a part of an investigation into the commission of a crime when there is a reasonable suspicion that the crime is a felony and that the information would lead to relevant evidence. The information provided pursuant to this subdivision shall be provided to the extent permitted by federal law and regulations, and to the extent the information is available and accessible within the constraints and configurations of existing department records. Any person who receives any information under this subdivision shall make a written report of the information to the law enforcement agency that employs him or her, for filing under the normal procedures of that agency.

(1) This subdivision shall not be construed to authorize the release to any law enforcement agency of a general list identifying individuals applying for or receiving benefits.

(2) The department shall maintain records pursuant to this subdivision only for periods required under regulations or statutes enacted for the administration of its programs.

(3) This subdivision shall not be construed as limiting the information provided to law enforcement agencies to that pertaining only to applicants for, or recipients of, benefits.

(4) The department shall notify all applicants for benefits that release of confidential information from their records will not be protected should there be a felony arrest warrant issued against the applicant or in the event of an investigation by a law enforcement agency into the commission of a felony.

(j) To provide public employee retirement systems in California with information relating to the earnings of any person who has applied for or is receiving a disability income, disability allowance, or disability retirement allowance, from a public employee retirement system. The earnings information shall be released only upon written request from the governing board specifying that the person has applied for or is receiving a disability allowance or disability retirement allowance from its retirement system. The request may be made by the chief executive officer of the system or by an employee of the system so authorized and identified by name and title by the chief executive officer in writing.

(k) To enable the Division of Labor Standards Enforcement in the Department of Industrial Relations to seek criminal, civil, or administrative remedies in connection with the failure to pay, or the unlawful payment of, wages pursuant to Chapter 1 (commencing with Section 200) of Part 1 of Division 2 of, and Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of, the Labor Code.

(l) To enable federal, state, or local governmental departments or agencies to administer child support enforcement programs under Title IV of the Social Security Act (42 U.S.C. Sec. 651 et seq.).

(m) To provide federal, state, or local governmental departments or agencies with wage and claim information in its possession that will assist those departments and agencies in the administration of the Victims of Crime Program or in the location of victims of crime who, by state mandate or court order, are entitled to restitution that has been or can be recovered.

(n) To provide federal, state, or local governmental departments or agencies with information concerning any individuals who are or have been:

(1) Directed by state mandate or court order to pay restitution, fines, penalties, assessments, or fees as a result of a violation of law.

(2) Delinquent or in default on guaranteed student loans or who owe repayment of funds received through other financial assistance programs administered by those agencies. The information released by the director for the purposes of this paragraph shall not include unemployment insurance benefit information.

(o) To provide an authorized governmental agency with any or all relevant information that relates to any specific workers' compensation insurance fraud investigation. The information shall be provided to the extent permitted by federal law and regulations. For the purposes of this subdivision, "authorized governmental agency" means the district attorney of any county, the office of the Attorney General, the Department of Industrial Relations, and the Department of Insurance. An authorized governmental agency may disclose this information to the State Bar, the Medical Board of California, or any other licensing board or department whose licensee is the subject of a workers' compensation insurance fraud investigation. This subdivision shall not prevent any authorized governmental agency from reporting to any board or department the suspected misconduct of any licensee of that body.

(p) To enable the Director of the Bureau for Private Postsecondary and Vocational Education, or his or her representatives, to access unemployment insurance quarterly wage data on a case-by-case basis to verify information on school administrators, school staff, and students provided by those schools who are being investigated for possible violations of Chapter 7 (commencing with Section 94700) of Part 59 of the Education Code.

(q) To provide employment tax information to the tax officials of Mexico, if a reciprocal agreement exists. For purposes of this subdivision, "reciprocal agreement" means a formal agreement to exchange information between national taxing officials of Mexico and taxing

authorities of the State Board of Equalization, the Franchise Tax Board, and the Employment Development Department. Furthermore, the reciprocal agreement shall be limited to the exchange of information that is essential for tax administration purposes only. Taxing authorities of the State of California shall be granted tax information only on California residents. Taxing authorities of Mexico shall be granted tax information only on Mexican nationals.

(r) To enable city and county planning agencies to develop economic forecasts for planning purposes. The information shall be limited to businesses within the jurisdiction of the city or county whose planning agency is requesting the information, and shall not include information regarding individual employees.

(s) To provide the State Department of Developmental Services with wage and employer information that will assist in the collection of moneys owed by the recipient, parent, or any other legally liable individual for services and supports provided pursuant to Chapter 9 (commencing with Section 4775) of Division 4.5 of, and Chapter 2 (commencing with Section 7200) and Chapter 3 (commencing with Section 7500) of Division 7 of, the Welfare and Institutions Code.

(t) Nothing in this section shall be construed to authorize or permit the use of information obtained in the administration of this code by any private collection agency.

(u) The disclosure of the name and address of an individual or business entity that was issued an assessment that included penalties under Section 1128 or 1128.1 shall not be in violation of Section 1094 if the assessment is final. The disclosure may also include any of the following:

- (1) The total amount of the assessment.
- (2) The amount of the penalty imposed under Section 1128 or 1128.1 that is included in the assessment.
- (3) The facts that resulted in the charging of the penalty under Section 1128 or 1128.1.

(v) To enable the Contractors' State License Board to verify the employment history of an individual applying for licensure pursuant to Section 7068 of the Business and Professions Code.

(w) To provide any peace officer with the Division of Investigation in the Department of Consumer Affairs information pursuant to subdivision (i) when the requesting peace officer has been designated by the Chief of the Division of Investigations and requests this information in the course of and in part of an investigation into the commission of a crime or other unlawful act when there is reasonable suspicion to believe that the crime or act may be connected to the information requested and would lead to relevant information regarding the crime or unlawful act.

(x) To enable the Labor Commissioner of the Division of Labor Standards Enforcement in the Department of Industrial Relations to identify, pursuant to Section 90.3 of the Labor Code, unlawfully uninsured employers. The information shall be provided to the extent permitted by federal law and regulations.

(y) To enable the Chancellor of the California Community Colleges, in accordance with the requirements of Section 84754.5 of the Education Code, to obtain quarterly wage data, commencing January 1, 1993, on students who have attended one or more community colleges, to assess the impact of education on the employment and earnings of students, to conduct the annual evaluation of district-level and individual college performance in achieving priority educational outcomes, and to submit the required reports to the Legislature and Governor. The information shall be provided to the extent permitted by federal statutes and regulations.

SEC. 1.7. Section 1095 of the Unemployment Insurance Code is amended to read:

1095. The director shall permit the use of any information in his or her possession to the extent necessary for any of the following purposes and may require reimbursement for all direct costs incurred in providing any and all information specified in this section, except information specified in subdivisions (a) to (e), inclusive:

(a) To enable the director or his or her representative to carry out his or her responsibilities under this code.

(b) To properly present a claim for benefits.

(c) To acquaint a worker or his or her authorized agent with his or her existing or prospective right to benefits.

(d) To furnish an employer or his or her authorized agent with information to enable him or her to fully discharge his or her obligations or safeguard his or her rights under this division or Division 3 (commencing with Section 9000).

(e) To enable an employer to receive a reduction in contribution rate.

(f) To enable federal, state, or local government departments or agencies, subject to federal law, to verify or determine the eligibility or entitlement of an applicant for, or a recipient of, public social services provided pursuant to Division 9 (commencing with Section 10000) of the Welfare and Institutions Code, or Part A of Title IV of the Social Security Act, where the verification or determination is directly connected with, and limited to, the administration of public social services.

(g) To enable county administrators of general relief or assistance, or their representatives, to determine entitlement to locally provided general relief or assistance, where the determination is directly connected with, and limited to, the administration of general relief or assistance.

(h) To enable state or local governmental departments or agencies to seek criminal, civil, or administrative remedies in connection with the unlawful application for, or receipt of, relief provided under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or to enable the collection of expenditures for medical assistance services pursuant to Part 5 (commencing with Section 17000) of Division 9 of the Welfare and Institutions Code.

(i) To provide any law enforcement agency with the name, address, telephone number, birth date, social security number, physical description, and names and addresses of present and past employers, of any victim, suspect, missing person, potential witness, or person for whom a felony arrest warrant has been issued, when a request for this information is made by any investigator or peace officer as defined by Sections 830.1 and 830.2 of the Penal Code, or by any federal law enforcement officer to whom the Attorney General has delegated authority to enforce federal search warrants, as defined under Sections 60.2 and 60.3 of Title 28 of the Code of Federal Regulations, as amended, and when the requesting officer has been designated by the head of the law enforcement agency and requests this information in the course of and as a part of an investigation into the commission of a crime when there is a reasonable suspicion that the crime is a felony and that the information would lead to relevant evidence. The information provided pursuant to this subdivision shall be provided to the extent permitted by federal law and regulations, and to the extent the information is available and accessible within the constraints and configurations of existing department records. Any person who receives any information under this subdivision shall make a written report of the information to the law enforcement agency that employs him or her, for filing under the normal procedures of that agency.

(1) This subdivision shall not be construed to authorize the release to any law enforcement agency of a general list identifying individuals applying for or receiving benefits.

(2) The department shall maintain records pursuant to this subdivision only for periods required under regulations or statutes enacted for the administration of its programs.

(3) This subdivision shall not be construed as limiting the information provided to law enforcement agencies to that pertaining only to applicants for, or recipients of, benefits.

(4) The department shall notify all applicants for benefits that release of confidential information from their records will not be protected should there be a felony arrest warrant issued against the applicant or in the event of an investigation by a law enforcement agency into the commission of a felony.

(j) To provide public employee retirement systems in California with information relating to the earnings of any person who has applied for or is receiving a disability income, disability allowance, or disability retirement allowance, from a public employee retirement system. The earnings information shall be released only upon written request from the governing board specifying that the person has applied for or is receiving a disability allowance or disability retirement allowance from its retirement system. The request may be made by the chief executive officer of the system or by an employee of the system so authorized and identified by name and title by the chief executive officer in writing.

(k) To enable the Division of Labor Standards Enforcement in the Department of Industrial Relations to seek criminal, civil, or administrative remedies in connection with the failure to pay, or the unlawful payment of, wages pursuant to Chapter 1 (commencing with Section 200) of Part 1 of Division 2 of, and Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of, the Labor Code.

(l) To enable federal, state, or local governmental departments or agencies to administer child support enforcement programs under Title IV of the Social Security Act (42 U.S.C. Sec. 651 et seq.).

(m) To provide federal, state, or local governmental departments or agencies with wage and claim information in its possession that will assist those departments and agencies in the administration of the Victims of Crime Program or in the location of victims of crime who, by state mandate or court order, are entitled to restitution that has been or can be recovered.

(n) To provide federal, state, or local governmental departments or agencies with information concerning any individuals who are or have been:

(1) Directed by state mandate or court order to pay restitution, fines, penalties, assessments, or fees as a result of a violation of law.

(2) Delinquent or in default on guaranteed student loans or who owe repayment of funds received through other financial assistance programs administered by those agencies. The information released by the director for the purposes of this paragraph shall not include unemployment insurance benefit information.

(o) To provide an authorized governmental agency with any or all relevant information that relates to any specific workers' compensation insurance fraud investigation. The information shall be provided to the extent permitted by federal law and regulations. For the purposes of this subdivision, "authorized governmental agency" means the district attorney of any county, the office of the Attorney General, the Department of Industrial Relations, and the Department of Insurance. An authorized governmental agency may disclose this information to

the State Bar, the Medical Board of California, or any other licensing board or department whose licensee is the subject of a workers' compensation insurance fraud investigation. This subdivision shall not prevent any authorized governmental agency from reporting to any board or department the suspected misconduct of any licensee of that body.

(p) To enable the Director of the Bureau for Private Postsecondary and Vocational Education, or his or her representatives, to access unemployment insurance quarterly wage data on a case-by-case basis to verify information on school administrators, school staff, and students provided by those schools who are being investigated for possible violations of Chapter 7 (commencing with Section 94700) of Part 59 of the Education Code.

(q) To provide employment tax information to the tax officials of Mexico, if a reciprocal agreement exists. For purposes of this subdivision, "reciprocal agreement" means a formal agreement to exchange information between national taxing officials of Mexico and taxing authorities of the State Board of Equalization, the Franchise Tax Board, and the Employment Development Department. Furthermore, the reciprocal agreement shall be limited to the exchange of information that is essential for tax administration purposes only. Taxing authorities of the State of California shall be granted tax information only on California residents. Taxing authorities of Mexico shall be granted tax information only on Mexican nationals.

(r) To enable city and county planning agencies to develop economic forecasts for planning purposes. The information shall be limited to businesses within the jurisdiction of the city or county whose planning agency is requesting the information, and shall not include information regarding individual employees.

(s) To provide the State Department of Developmental Services with wage and employer information that will assist in the collection of moneys owed by the recipient, parent, or any other legally liable individual for services and supports provided pursuant to Chapter 9 (commencing with Section 4775) of Division 4.5 of, and Chapter 2 (commencing with Section 7200) and Chapter 3 (commencing with Section 7500) of Division 7 of, the Welfare and Institutions Code.

(t) Nothing in this section shall be construed to authorize or permit the use of information obtained in the administration of this code by any private collection agency.

(u) The disclosure of the name and address of an individual or business entity that was issued an assessment that included penalties under Section 1128 or 1128.1 shall not be in violation of Section 1094 if the assessment is final. The disclosure may also include any of the following:

- (1) The total amount of the assessment.

(2) The amount of the penalty imposed under Section 1128 or 1128.1 that is included in the assessment.

(3) The facts that resulted in the charging of the penalty under Section 1128 or 1128.1.

(v) To enable the Contractors' State License Board to verify the employment history of an individual applying for licensure pursuant to Section 7068 of the Business and Professions Code.

(w) To provide any peace officer with the Division of Investigation in the Department of Consumer Affairs information pursuant to subdivision (i) when the requesting peace officer has been designated by the Chief of the Division of Investigations and requests this information in the course of and in part of an investigation into the commission of a crime or other unlawful act when there is reasonable suspicion to believe that the crime or act may be connected to the information requested and would lead to relevant information regarding the crime or unlawful act.

(x) To enable the Chancellor of the California Community Colleges, in accordance with the requirements of Section 84754.5 of the Education Code, to obtain quarterly wage data, commencing January 1, 1993, on students who have attended one or more community colleges, to assess the impact of education on the employment and earnings of students, to conduct the annual evaluation of district-level and individual college performance in achieving priority educational outcomes, and to submit the required reports to the Legislature and Governor. The information shall be provided to the extent permitted by federal statutes and regulations.

(y) To provide information obtained in the administration and enforcement of the California Health Insurance Purchasing Pool Program (Division 1.2 (commencing with Section 4800)) to the Managed Risk Medical Insurance Board for the purpose of administering the California Health Care Reform and Cost Control Act.

SEC. 1.9. Section 1095 of the Unemployment Insurance Code is amended to read:

1095. The director shall permit the use of any information in his or her possession to the extent necessary for any of the following purposes and may require reimbursement for all direct costs incurred in providing any and all information specified in this section, except information specified in subdivisions (a) to (e), inclusive:

(a) To enable the director or his or her representative to carry out his or her responsibilities under this code.

(b) To properly present a claim for benefits.

(c) To acquaint a worker or his or her authorized agent with his or her existing or prospective right to benefits.

(d) To furnish an employer or his or her authorized agent with information to enable him or her to fully discharge his or her obligations or safeguard his or her rights under this division or Division 3 (commencing with Section 9000).

(e) To enable an employer to receive a reduction in contribution rate.

(f) To enable federal, state, or local government departments or agencies, subject to federal law, to verify or determine the eligibility or entitlement of an applicant for, or a recipient of, public social services provided pursuant to Division 9 (commencing with Section 10000) of the Welfare and Institutions Code, or Part A of Title IV of the Social Security Act, where the verification or determination is directly connected with, and limited to, the administration of public social services.

(g) To enable county administrators of general relief or assistance, or their representatives, to determine entitlement to locally provided general relief or assistance, where the determination is directly connected with, and limited to, the administration of general relief or assistance.

(h) To enable state or local governmental departments or agencies to seek criminal, civil, or administrative remedies in connection with the unlawful application for, or receipt of, relief provided under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or to enable the collection of expenditures for medical assistance services pursuant to Part 5 (commencing with Section 17000) of Division 9 of the Welfare and Institutions Code.

(i) To provide any law enforcement agency with the name, address, telephone number, birth date, social security number, physical description, and names and addresses of present and past employers, of any victim, suspect, missing person, potential witness, or person for whom a felony arrest warrant has been issued, when a request for this information is made by any investigator or peace officer as defined by Sections 830.1 and 830.2 of the Penal Code, or by any federal law enforcement officer to whom the Attorney General has delegated authority to enforce federal search warrants, as defined under Sections 60.2 and 60.3 of Title 28 of the Code of Federal Regulations, as amended, and when the requesting officer has been designated by the head of the law enforcement agency and requests this information in the course of and as a part of an investigation into the commission of a crime when there is a reasonable suspicion that the crime is a felony and that the information would lead to relevant evidence. The information provided pursuant to this subdivision shall be provided to the extent permitted by federal law and regulations, and to the extent the information is available and accessible within the constraints and configurations of existing department records. Any person who receives any information under this subdivision shall make a written report of the information to the law

enforcement agency that employs him or her, for filing under the normal procedures of that agency.

(1) This subdivision shall not be construed to authorize the release to any law enforcement agency of a general list identifying individuals applying for or receiving benefits.

(2) The department shall maintain records pursuant to this subdivision only for periods required under regulations or statutes enacted for the administration of its programs.

(3) This subdivision shall not be construed as limiting the information provided to law enforcement agencies to that pertaining only to applicants for, or recipients of, benefits.

(4) The department shall notify all applicants for benefits that release of confidential information from their records will not be protected should there be a felony arrest warrant issued against the applicant or in the event of an investigation by a law enforcement agency into the commission of a felony.

(j) To provide public employee retirement systems in California with information relating to the earnings of any person who has applied for or is receiving a disability income, disability allowance, or disability retirement allowance, from a public employee retirement system. The earnings information shall be released only upon written request from the governing board specifying that the person has applied for or is receiving a disability allowance or disability retirement allowance from its retirement system. The request may be made by the chief executive officer of the system or by an employee of the system so authorized and identified by name and title by the chief executive officer in writing.

(k) To enable the Division of Labor Standards Enforcement in the Department of Industrial Relations to seek criminal, civil, or administrative remedies in connection with the failure to pay, or the unlawful payment of, wages pursuant to Chapter 1 (commencing with Section 200) of Part 1 of Division 2 of, and Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of, the Labor Code.

(l) To enable federal, state, or local governmental departments or agencies to administer child support enforcement programs under Title IV of the Social Security Act (42 U.S.C. Sec. 651 et seq.).

(m) To provide federal, state, or local governmental departments or agencies with wage and claim information in its possession that will assist those departments and agencies in the administration of the Victims of Crime Program or in the location of victims of crime who, by state mandate or court order, are entitled to restitution that has been or can be recovered.

(n) To provide federal, state, or local governmental departments or agencies with information concerning any individuals who are or have been:

(1) Directed by state mandate or court order to pay restitution, fines, penalties, assessments, or fees as a result of a violation of law.

(2) Delinquent or in default on guaranteed student loans or who owe repayment of funds received through other financial assistance programs administered by those agencies. The information released by the director for the purposes of this paragraph shall not include unemployment insurance benefit information.

(o) To provide an authorized governmental agency with any or all relevant information that relates to any specific workers' compensation insurance fraud investigation. The information shall be provided to the extent permitted by federal law and regulations. For the purposes of this subdivision, "authorized governmental agency" means the district attorney of any county, the office of the Attorney General, the Department of Industrial Relations, and the Department of Insurance. An authorized governmental agency may disclose this information to the State Bar, the Medical Board of California, or any other licensing board or department whose licensee is the subject of a workers' compensation insurance fraud investigation. This subdivision shall not prevent any authorized governmental agency from reporting to any board or department the suspected misconduct of any licensee of that body.

(p) To enable the Director of the Bureau for Private Postsecondary and Vocational Education, or his or her representatives, to access unemployment insurance quarterly wage data on a case-by-case basis to verify information on school administrators, school staff, and students provided by those schools who are being investigated for possible violations of Chapter 7 (commencing with Section 94700) of Part 59 of the Education Code.

(q) To provide employment tax information to the tax officials of Mexico, if a reciprocal agreement exists. For purposes of this subdivision, "reciprocal agreement" means a formal agreement to exchange information between national taxing officials of Mexico and taxing authorities of the State Board of Equalization, the Franchise Tax Board, and the Employment Development Department. Furthermore, the reciprocal agreement shall be limited to the exchange of information that is essential for tax administration purposes only. Taxing authorities of the State of California shall be granted tax information only on California residents. Taxing authorities of Mexico shall be granted tax information only on Mexican nationals.

(r) To enable city and county planning agencies to develop economic forecasts for planning purposes. The information shall be limited to

businesses within the jurisdiction of the city or county whose planning agency is requesting the information, and shall not include information regarding individual employees.

(s) To provide the State Department of Developmental Services with wage and employer information that will assist in the collection of moneys owed by the recipient, parent, or any other legally liable individual for services and supports provided pursuant to Chapter 9 (commencing with Section 4775) of Division 4.5 of, and Chapter 2 (commencing with Section 7200) and Chapter 3 (commencing with Section 7500) of Division 7 of, the Welfare and Institutions Code.

(t) Nothing in this section shall be construed to authorize or permit the use of information obtained in the administration of this code by any private collection agency.

(u) The disclosure of the name and address of an individual or business entity that was issued an assessment that included penalties under Section 1128 or 1128.1 shall not be in violation of Section 1094 if the assessment is final. The disclosure may also include any of the following:

- (1) The total amount of the assessment.
- (2) The amount of the penalty imposed under Section 1128 or 1128.1 that is included in the assessment.
- (3) The facts that resulted in the charging of the penalty under Section 1128 or 1128.1.

(v) To enable the Contractors' State License Board to verify the employment history of an individual applying for licensure pursuant to Section 7068 of the Business and Professions Code.

(w) To provide any peace officer with the Division of Investigation in the Department of Consumer Affairs information pursuant to subdivision (i) when the requesting peace officer has been designated by the Chief of the Division of Investigations and requests this information in the course of and in part of an investigation into the commission of a crime or other unlawful act when there is reasonable suspicion to believe that the crime or act may be connected to the information requested and would lead to relevant information regarding the crime or unlawful act.

(x) To enable the Labor Commissioner of the Division of Labor Standards Enforcement in the Department of Industrial Relations to identify, pursuant to Section 90.3 of the Labor Code, unlawfully uninsured employers. The information shall be provided to the extent permitted by federal law and regulations.

(y) To enable the Chancellor of the California Community Colleges, in accordance with the requirements of Section 84754.5 of the Education Code, to obtain quarterly wage data, commencing January 1, 1993, on students who have attended one or more community colleges, to assess

the impact of education on the employment and earnings of students, to conduct the annual evaluation of district-level and individual college performance in achieving priority educational outcomes, and to submit the required reports to the Legislature and Governor. The information shall be provided to the extent permitted by federal statutes and regulations.

(z) To provide information obtained in the administration and enforcement of the California Health Insurance Purchasing Pool Program (Division 1.2 (commencing with Section 4800)) to the Managed Risk Medical Insurance Board for the purpose of administering the California Health Care Reform and Cost Control Act.

SEC. 2. Section 1281 of the Unemployment Insurance Code is amended to read:

1281. (a) An individual cannot establish a valid claim or a benefit year during which any benefits are payable unless during his or her base period, for new claims filed with an effective date beginning on or after January 1, 1992, he or she has met either of the following conditions:

(1) He or she has been paid wages for employment by employers during the quarter of his or her base period in which his or her wages were the highest of not less than one thousand three hundred dollars (\$1,300).

(2) He or she has been paid wages for employment by employers during the quarter of his or her base period in which his or her wages were the highest of not less than nine hundred dollars (\$900) and been paid wages for employment by employers during his or her base period equal to 1.25 times the amount he or she was paid in this same quarter.

(b) Except as provided by subdivision (c), the maximum amount of unemployment compensation benefits payable to an individual during any one benefit year shall not exceed the lower of the following:

(1) Twenty-six times his or her weekly benefit amount.

(2) One-half the total wages paid to the individual during his or her base period.

(c) If the maximum amount computed under subdivision (b) is not a multiple of one dollar (\$1) it shall be computed to the next higher multiple of one dollar (\$1).

(d) For the purpose of this section and Section 1280, in determining wages paid, "wages" includes wages due to any individual but unpaid within the time limit provided by law.

SEC. 3. (a) Section 1.5 of this bill incorporates amendments to Section 1095 of the Unemployment Insurance Code proposed by this bill and SB 869. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 1095 of the Unemployment Insurance Code, (3) AB 8

is not enacted, or if enacted, does not amend Section 1095 of the Unemployment Insurance Code, and (4) this bill is enacted after SB 869, in which case Section 1095 of the Unemployment Insurance Code, as amended by SB 869, shall remain operative only until the operative date of this bill, at which time Section 1.5 of this bill shall become operative, and Section 1 of this bill shall not become operative.

(b) Section 1.7 of this bill incorporates amendments to Section 1095 of the Unemployment Insurance Code proposed by this bill and AB 8. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 1095 of the Unemployment Insurance Code, (3) SB 869 is not enacted, or if enacted, does not amend Section 1095 of the Unemployment Insurance Code, and (4) this bill is enacted after AB 8, in which case Section 1095 of the Unemployment Insurance Code, as amended by AB 8, shall remain operative only until the operative date of this bill, at which time Section 1.7 of this bill shall become operative, and Section 1 of this bill shall not become operative.

(c) Section 1.9 of this bill incorporates amendments to Section 1095 of the Unemployment Insurance Code proposed by this bill, AB 8, and SB 869. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2008, (2) all three bills amend Section 1095 of the Unemployment Insurance Code, and (3) this bill is enacted after AB 8 and SB 869, in which case Section 1095 of the Unemployment Insurance Code, as amended by SB 869 and AB 8, shall remain operative only until the operative date of this bill, at which time Section 1.9 of the bill shall become operative, and Section 1 of this bill shall not become operative.

CHAPTER 273

An act to amend Section 5201 of, and to add Section 5201.1 to, the Vehicle Code, relating to vehicles.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 5201 of the Vehicle Code is amended to read:
5201. License plates shall at all times be securely fastened to the vehicle for which they are issued so as to prevent the plates from swinging, shall be mounted in a position so as to be clearly visible, and

shall be maintained in a condition so as to be clearly legible. The rear license plate shall be mounted not less than 12 inches nor more than 60 inches from the ground, and the front license plate shall be mounted not more than 60 inches from the ground, except as follows:

(a) The rear license plate on a tow truck may be mounted on the left-hand side of the mast assembly at the rear of the cab of the vehicle, not less than 12 inches nor more than 90 inches from the ground.

(b) The rear license plate on a tank vehicle hauling hazardous waste, as defined in Section 25117 of the Health and Safety Code, or asphalt material may be mounted not less than 12 inches nor more than 90 inches from the ground.

(c) The rear license plate on a truck tractor may be mounted at the rear of the cab of the vehicle, but not less than 12 inches nor more than 90 inches from the ground.

(d) The rear license plate of a vehicle designed by the manufacturer for the collection and transportation of garbage, rubbish, or refuse that is used regularly for the collection and transportation of that material by any person or governmental entity employed to collect, transport, and dispose of garbage, rubbish, or refuse may be mounted not less than 12 inches nor more than 90 inches from the ground.

(e) The rear license plate on a two-axle livestock trailer may be mounted 12 inches or more, but not more than 90 inches, from the ground.

(f) A covering shall not be used on license plates except as follows:

(1) The installation of a cover over a lawfully parked vehicle to protect it from the weather and the elements does not constitute a violation of this subdivision. Any peace officer or other regularly salaried employee of a public agency designated to enforce laws, including local ordinances, relating to the parking of vehicles may temporarily remove so much of the cover as is necessary to inspect any license plate, tab, or indicia of registration on a vehicle.

(2) The installation of a license plate security cover is not a violation of this subdivision if the device does not obstruct or impair the recognition of the license plate information, including, but not limited to, the issuing state, license plate number, and registration tabs, and the cover is limited to the area directly over the top of the registration tabs. No portion of a license plate security cover shall rest over the license plate number.

(g) A casing, shield, frame, border, product, or other device that obstructs or impairs the reading or recognition of a license plate by an electronic device operated by state or local law enforcement, an electronic device operated in connection with a toll road, high-occupancy toll lane, toll bridge, or other toll facility, or a remote emission sensing device, as

specified in Sections 44081 and 44081.6 of the Health and Safety Code, shall not be installed on, or affixed to, a vehicle.

(h) (1) It is the intent of the Legislature that an accommodation be made to persons with disabilities and to those persons who regularly transport persons with disabilities, to allow the removal and relocation of wheelchair lifts and wheelchair carriers without the necessity of removing and reattaching the vehicle's rear license plate. Therefore, it is not a violation of this section if the reading or recognition of a rear license plate is obstructed or impaired by a wheelchair lift or wheelchair carrier and all of the following requirements are met:

(A) The owner of the vehicle has been issued a special identification license plate pursuant to Section 5007, or the person using the wheelchair that is carried on the vehicle has been issued a distinguishing placard under Section 22511.55.

(B) (i) The operator of the vehicle displays a decal, designed and issued by the department, that contains the license plate number assigned to the vehicle transporting the wheelchair.

(ii) The decal is displayed on the rear window of the vehicle, in a location determined by the department, in consultation with the Department of the California Highway Patrol, so as to be clearly visible to law enforcement.

(2) Notwithstanding any other provision of law, if a decal is displayed pursuant to this subdivision, the requirements of this code that require the illumination of the license plate and the license plate number do not apply.

(3) The department shall adopt regulations governing the procedures for accepting and approving applications for decals, and issuing decals, authorized by this subdivision.

(4) This subdivision does not apply to a front license plate.

SEC. 2. Section 5201.1 is added to the Vehicle Code, to read:

5201.1. (a) A person shall not sell a product or device that obscures, or is intended to obscure, the reading or recognition of a license plate, as prohibited by subdivision (g) of Section 5201.

(b) A conviction for a violation of subdivision (a) is punishable by a fine of two hundred fifty dollars (\$250) per item sold.

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 274

An act to amend Section 51350 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. 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.

(n) Effective January 1, 2008, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be increased by two billion dollars (\$2,000,000,000), exclusive of (1) bonds

previously authorized pursuant to any of subdivisions (c) to (m), 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 275

An act to amend Sections 5535, 5535.1, 5535.2, 5535.3, 5616, and 5640 of, and to add Section 5535.25 to, the Business and Professions Code, relating to architecture.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 5535 of the Business and Professions Code is amended to read:

5535. As used in this chapter, the word “person” includes any individual, firm, partnership, general corporation, professional corporation, or limited liability partnership, as authorized by the Corporations Code.

SEC. 2. Section 5535.1 of the Business and Professions Code is amended to read:

5535.1. The phrase “responsible control” means that amount of control over the content of all architectural instruments of service during their preparation that is ordinarily exercised by architects applying the required professional standard of care.

SEC. 3. Section 5535.2 of the Business and Professions Code is amended to read:

5535.2. This chapter does not prevent an architect from forming a business entity or collaborating with persons who are not architects, provided that any architects’ professional services that are provided through that entity or collaboration are offered and provided under the responsible control of an architect, or architects, and in accordance with the provisions of this chapter.

SEC. 4. Section 5535.25 is added to the Business and Professions Code, to read:

5535.25. As used in this chapter, the terms “business entity” and “collaboration” include employer and employee relationships, joint ventures, partnerships, general corporations, and consulting relationships formed by written agreement in which the architect provides immediate and responsible direction of architectural services. For purposes of this section, “immediate and responsible direction” has the same meaning as that term is defined in Section 151 of Title 16 of the California Code of Regulations.

SEC. 5. Section 5535.3 of the Business and Professions Code is amended to read:

5535.3. This chapter does not prevent a corporation from furnishing or supplying by contract architectural services, as long as any architects’ professional services are offered and provided under the responsible control of a licensed architect or architects.

SEC. 6. Section 5616 of the Business and Professions Code is amended to read:

5616. (a) A landscape architect shall use a written contract when contracting to provide professional services to a client pursuant to this chapter. The written contract shall be executed by the landscape architect and the client, or their representatives, prior to the landscape architect commencing work, unless the client knowingly states in writing that work may be commenced before the contract is executed. The written contract shall include, but not be limited to, all of the following:

(1) A description of services to be provided by the landscape architect to the client.

(2) A description of any basis of compensation applicable to the contract, including the total price that is required to complete the contract, and the method of payment agreed upon by both parties.

(3) A notice that reads:

“Landscape architects are licensed by the State of California.”

(4) The name, address, and license number of the landscape architect and the name and address of the client.

(5) A description of the procedure that the landscape architect and client will use to accommodate additional services.

(6) A description of the procedure to be used by either party to terminate the contract.

(b) This section shall not apply if the client knowingly states in writing after full disclosure of this section that a contract that complies with the requirements of this section is not required.

(c) This section shall not apply to any of the following:

(1) Professional services rendered by a landscape architect for which the client will not pay compensation.

(2) An arrangement as to the basis for compensation and manner of providing professional services implied by the fact that the landscape architect's services are of the same general kind that the landscape architect has previously rendered to and received payment from the same client.

(3) Professional services rendered by a landscape architect to any of the following:

(A) A landscape architect licensed under this chapter.

(B) An architect licensed under Chapter 3 (commencing with Section 5500).

(C) A professional engineer licensed under Chapter 7 (commencing with Section 6700).

(D) A professional land surveyor licensed under Chapter 15 (commencing with Section 8700).

(E) A contractor licensed under Chapter 9 (commencing with Section 7000).

(F) A geologist or geophysicist licensed under Chapter 12.5 (commencing with Section 7800).

(G) A manufacturing, mining, public utility, research and development, or other industrial corporation, if the services are provided in connection with, or incidental to, the products, systems, or services of that corporation or its affiliates.

(H) A public agency.

(d) As used in this section, "written contract" includes a contract that is in electronic form.

SEC. 7. Section 5640 of the Business and Professions Code is amended to read:

5640. It 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 the county jail not exceeding six months, or by both that fine and imprisonment, for a person to do any of the following without possessing a valid, unrevoked license as provided in this chapter:

(a) Engage in the practice of landscape architecture.

(b) Use the title or term "landscape architect", "landscape architecture," "landscape architectural," or any other titles, words, or abbreviations that would imply or indicate that he or she is a landscape architect as defined in Section 5615.

(c) Use the stamp of a licensed landscape architect, as provided in Section 5659.

(d) Advertise or put out a sign, card, or other device that might indicate to the public that he or she is a licensed landscape architect or qualified to engage in the practice of landscape architecture.

SEC. 8. This act shall not be construed to restrict or limit the scope of practice of a professional engineer or a professional land surveyor who forms a business entity or collaborates with one or more architects or a corporation providing architectural services.

SEC. 9. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 276

An act to amend Sections 3070, 3075, 3078, and 3152 of, and to add Section 3007 to, the Business and Professions Code, relating to optometry, and making an appropriation therefor.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 3007 is added to the Business and Professions Code, to read:

3007. An optometrist shall retain a patient's records for a minimum of seven years from the date he or she completes treatment of the patient. If the patient is a minor, the patient's records shall be retained for a minimum of seven years from the date he or she completes treatment of the patient and at least until the patient reaches 19 years of age.

SEC. 2. Section 3070 of the Business and Professions Code is amended to read:

3070. (a) Before engaging in the practice of optometry, each licensed optometrist shall notify the board in writing of the address or addresses where he or she is to engage, or intends to engage, in the practice of optometry and, also, of any changes in his or her place of practice. The practice of optometry is the performing or the controlling of any of the acts set forth in Section 3041.

(b) A licensed optometrist is not required to provide the notification described in subdivision (a) if he or she engages in the temporary practice of optometry in any of the following settings:

- (1) A facility licensed by the State Department of Public Health.
 - (2) A public institution, including, but not limited to, a school, a community college, and federal, state, and local penal and correctional facilities.
 - (3) A mobile unit that is operated by a governmental agency or by a nonprofit or charitable organization.
 - (4) The home of a patient who is not ambulatory.
 - (5) The practice location of another optometrist that has been reported to the board pursuant to this section if the other optometrist is ill or on a temporary leave or for any other reason approved by the board. The exception under this paragraph is limited to a total period at all temporary practice locations of seven calendar days during a 30-day period and 84 days during a calendar year.
- (c) Notwithstanding Section 3075, an optometrist engaging in the temporary practice of optometry at a location described in subdivision (b) shall carry and present upon demand evidence of his or her licensure but shall not be required to post his or her current license or other evidence of current license status issued by the board.
- (d) In addition to the information required by Section 3076, a receipt issued to a patient by an optometrist engaging in the temporary practice of optometry at a location described in subdivision (b) shall contain the address of the optometrist's primary practice location and the temporary practice location where the services were provided.
- (e) "Temporary practice" shall be defined by the board for purposes of this section.

SEC. 3. Section 3075 of the Business and Professions Code is amended to read:

3075. An optometrist shall post in each location where he or she practices optometry, in an area that is likely to be seen by all patients who use the office, his or her current license or other evidence of current license status issued by the board. The board may charge a fee as specified in Section 3152 for each issuance of evidence of current licensure.

SEC. 4. Section 3078 of the Business and Professions Code is amended to read:

3078. (a) 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 all of the following:

(1) 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. However, if 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.

(2) 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." However, if 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.

(3) 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.

(4) No charges that could result in revocation or suspension of an optometrist's license to practice optometry are pending against any optometrist practicing at the location.

(b) 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.

(c) A 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 paragraph (4) of subdivision (a), 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.

(d) If the board revokes or suspends the license 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. 5. 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 five hundred dollars (\$500).

(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 fifty dollars (\$50).

(h) The application fee for a certificate to treat lacrimal irrigation and dilation shall not exceed fifty dollars (\$50).

(i) The application fee for a certificate to treat primary open angle glaucoma shall not exceed fifty dollars (\$50).

(j) The fee for approval of a continuing education course shall not exceed one hundred dollars (\$100).

(k) The fee for issuance of a statement of licensure shall not exceed forty dollars (\$40).

(l) The fee for biennial renewal of a statement of licensure shall not exceed forty dollars (\$40).

(m) The delinquency fee for renewal of a statement of licensure shall not exceed twenty dollars (\$20).

(n) The application fee for a fictitious name permit shall not exceed fifty dollars (\$50).

(o) The renewal fee for a fictitious name permit shall not exceed fifty dollars (\$50).

(p) The delinquency fee for renewal of a fictitious name permit shall not exceed twenty-five dollars (\$25).

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 277

An act to amend Section 27279 of the Government Code, and to add Section 62.11 to the Revenue and Taxation Code, relating to recordation of documents.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

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

SECTION 1. Section 27279 of the Government Code is amended to read:

27279. (a) "Instrument," as used in this chapter, means a written paper signed by a person or persons transferring the title to, or giving a lien on real property, or giving a right to a debt or duty.

(b) The recorder of any county may, in lieu of a written paper, accept for recording digitized images, digital images, or both, of a recordable instrument, paper, or notice if both of the following conditions are met:

(1) The image conforms to all other applicable statutes that prescribe recordability, except the requirement of original signatures in subdivision (b) of Section 27201.

(2) The requester and addressee for delivery of the recorded images are the same and can be readily identified as a local or state government entity, or an agency, branch, or instrumentality of the federal government.

SEC. 2. Section 62.11 is added to the Revenue and Taxation Code, to read:

62.11. Change in ownership does not include the recordation of a certificate of sale pursuant to subdivision (a) of Section 729.040 of the Code of Civil Procedure, relating to property sold subject to the right of redemption, for the period in which the right of redemption exists.

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.
