

AMENDED IN SENATE AUGUST 20, 2013

AMENDED IN SENATE JULY 2, 2013

AMENDED IN SENATE JUNE 19, 2013

AMENDED IN ASSEMBLY MAY 8, 2013

AMENDED IN ASSEMBLY APRIL 9, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 227

Introduced by Assembly Member Gatto
(Coauthors: Assembly Members Alejo, Hagman, Logue, and
Muratsuchi)
(Coauthor: Senator Anderson)

February 4, 2013

An act to amend Section 25249.7 of the Health and Safety Code, relating to toxic substances, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 227, as amended, Gatto. Proposition 65: enforcement.

(1) The existing Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) prohibits any person, in the course of doing business, from knowingly and intentionally exposing any individual to a chemical known to the state to cause cancer or reproductive toxicity without giving a specified warning, or from knowingly discharging or releasing such a chemical into water or any source of drinking water, except as specified. The act imposes civil penalties of not more than \$2,500 per day upon persons who violate those prohibitions, and

provides for the enforcement of those prohibitions by the Attorney General, a district attorney, or specified city attorneys or prosecutors, and by any person in the public interest. The act requires any person bringing an action in the public interest, or any private person filing an action in which a violation of the act is alleged, to notify the Attorney General, the district attorney, city attorney, or prosecutor in whose jurisdiction the violation is alleged to have occurred, and the alleged violator that such an action has been filed.

This bill would *require a person filing an enforcement action in the public interest for certain specified exposures to provide a notice in a specified proof of compliance form. The bill would prohibit an enforcement action from being filed by a that person in the public interest, and would prohibit the recovery of certain payments or reimbursements, if the notice to the alleged violator alleges a failure to provide a clear and reasonable warning for certain those specified exposures, including a notification that an alleged violator may not be liable if the business has fewer than 10 employees, and, within 14 days after receiving the notice, the alleged violator corrects the alleged violation, pays a civil penalty in the amount of \$500 per facility or premises, and serves on the person who sent the notice a specified written statement, signed under penalty of perjury, subject to the limitation notifies the person bringing the action that the violation has been corrected pursuant to the specified proof of compliance form. The bill would specify that the alleged violator may correct the violation, pay the civil penalty, and serve a correction notice on the person who served notice of the violation only one time for a violation arising from the same exposure in the same facility or on the same premises. Since the commission of perjury is a crime, the bill would impose a state-mandated local program by creating a new crime.* The bill would require the Judicial Council, on January 1, 2019, and at each 5-year interval thereafter, to adjust that civil penalty, as specified.

~~The bill would require a person who brings an action in the public interest and serves a notice of an alleged violation for those exposures to include certain information in the notice.~~

(2) Proposition 65 provides that it may be amended by a statute, passed in each house by $\frac{2}{3}$ vote, to further its purposes.

This bill would find and declare that it furthers the purposes of Proposition 65 and would make other findings regarding the purposes of the bill. The bill would declare that a specified provision of the bill is independent and severable from the other changes made by this bill.

~~(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason:~~

~~(4)~~

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: ~~yes~~-no.

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

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

3 25249.7. (a) A person who violates or threatens to violate
4 Section 25249.5 or 25249.6 may be enjoined in any court of
5 competent jurisdiction.

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

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

- 14 (A) The nature and extent of the violation.
- 15 (B) The number of, and severity of, the violations.
- 16 (C) The economic effect of the penalty on the violator.
- 17 (D) Whether the violator took good faith measures to comply
18 with this chapter and the time these measures were taken.
- 19 (E) The willfulness of the violator’s misconduct.
- 20 (F) The deterrent effect that the imposition of the penalty would
21 have on both the violator and the regulated community as a whole.
- 22 (G) Any other factor that justice may require.

23 (c) Actions pursuant to this section may be brought by the
24 Attorney General in the name of the people of the State of
25 California, by a district attorney, by a city attorney of a city having
26 a population in excess of 750,000, or, with the consent of the
27 district attorney, by a city prosecutor in a city or city and county

1 having a full-time city prosecutor, or as provided in subdivision
2 (d).

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

5 (1) The private action is commenced more than 60 days from
6 the date that the person has given notice of an alleged violation of
7 Section 25249.5 or 25249.6 that is the subject of the private action
8 to the Attorney General and the district attorney, city attorney, or
9 prosecutor in whose jurisdiction the violation is alleged to have
10 occurred, and to the alleged violator. If the notice alleges a
11 violation of Section 25249.6, the notice of the alleged violation
12 shall include a certificate of merit executed by the attorney for the
13 noticing party, or by the noticing party, if the noticing party is not
14 represented by an attorney. The certificate of merit shall state that
15 the person executing the certificate has consulted with one or more
16 persons with relevant and appropriate experience or expertise who
17 has reviewed facts, studies, or other data regarding the exposure
18 to the listed chemical that is the subject of the action, and that,
19 based on that information, the person executing the certificate
20 believes there is a reasonable and meritorious case for the private
21 action. Factual information sufficient to establish the basis of the
22 certificate of merit, including the information identified in
23 paragraph (2) of subdivision (h), shall be attached to the certificate
24 of merit that is served on the Attorney General.

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

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

37 (f) (1) A person filing an action in the public interest pursuant
38 to subdivision (d), a private person filing an action in which a
39 violation of this chapter is alleged, or a private person settling a
40 violation of this chapter alleged in a notice given pursuant to

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

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

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

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

31 (A) The warning that is required by the settlement complies
32 with this chapter.

33 (B) The award of attorney's fees is reasonable under California
34 law.

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

37 (5) The plaintiff subject to paragraph (4) has the burden of
38 producing evidence sufficient to sustain each required finding.
39 The plaintiff shall serve the motion and all supporting papers on

1 the Attorney General, who may appear and participate in a
2 proceeding without intervening in the case.

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

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

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

19 (2) Upon the conclusion of an action brought pursuant to
20 subdivision (d) with respect to a defendant, if the trial court
21 determines that there was no actual or threatened exposure to a
22 listed chemical, the court may, upon the motion of that alleged
23 violator or upon the court's own motion, review the basis for the
24 belief of the person executing the certificate of merit, expressed
25 in the certificate of merit, that an exposure to a listed chemical had
26 occurred or was threatened. The information in the certificate of
27 merit, including the identity of the persons consulted with and
28 relied on by the certifier, and the facts, studies, or other data
29 reviewed by those persons, shall be disclosed to the court in an
30 in-camera proceeding at which the moving party shall not be
31 present. If the court finds that there was no credible factual basis
32 for the certifier's belief that an exposure to a listed chemical had
33 occurred or was threatened, then the action shall be deemed
34 frivolous within the meaning of Section 128.7 of the Code of Civil
35 Procedure. The court shall not find a factual basis credible on the
36 basis of a legal theory of liability that is frivolous within the
37 meaning of Section 128.7 of the Code of Civil Procedure.

38 (i) The Attorney General may provide the factual information
39 submitted to establish the basis of the certificate of merit on request
40 to a district attorney, city attorney, or prosecutor within whose

1 jurisdiction the violation is alleged to have occurred, or to any
2 other state or federal government agency, but in all other respects
3 the Attorney General shall maintain, and ensure that all recipients
4 maintain, the submitted information as confidential official
5 information to the full extent authorized in Section 1040 of the
6 Evidence Code.

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

13 (k) Any person who serves a notice of alleged violation pursuant
14 to paragraph (1) of subdivision (d) for an exposure identified in
15 subparagraph (A), (B), (C), or (D) of paragraph (1) shall *complete,*
16 *as appropriate, and provide to the alleged violator, a notice of*
17 *special compliance procedure and proof of compliance form*
18 *pursuant to subdivision (l) and shall not file an action for that*
19 *exposure against the alleged violator, or recover from the alleged*
20 *violator in a settlement any payment in lieu of penalties or any*
21 *reimbursement for costs and attorney's fees, if all of the following*
22 *conditions have been met:*

23 (1) The notice given pursuant to paragraph (1) of subdivision
24 (d) was served on or after the effective date of the act amending
25 this section during the 2013–14 Regular Session and alleges that
26 the alleged violator failed to provide clear and reasonable warning
27 as required under Section 25249.6 regarding one or more of the
28 following, and no other violation:

29 (A) An exposure to alcoholic beverages that are consumed on
30 the alleged violator's premises to the extent onsite consumption
31 is permitted by law.

32 (B) An exposure to a chemical known to the state to cause cancer
33 or reproductive toxicity ~~to the extent the chemical is formed by~~
34 ~~necessary preparation of food or beverages which are sold on the~~
35 ~~alleged violator's premises for immediate consumption on or off~~
36 ~~the premises. in a food or beverage prepared and sold on the~~
37 ~~alleged violator's premises primarily intended for immediate~~
38 ~~consumption on or off premises, to the extent of both of the~~
39 ~~following:~~

40 (i) *The chemical was not intentionally added.*

1 (ii) *The chemical was formed by cooking or similar preparation*
2 *of food or beverage components necessary to render the food or*
3 *beverage palatable or to avoid microbiological contamination.*

4 (C) An exposure to environmental tobacco smoke caused by
5 entry of persons (other than employees) on premises owned or
6 operated by the alleged violator where smoking is permitted at any
7 location on the premises.

8 (D) An exposure to chemicals known to the state to cause cancer
9 or reproductive toxicity in engine exhaust, to the extent the
10 exposure occurs inside a facility owned or operated by the alleged
11 violator and primarily intended for parking noncommercial
12 vehicles.

13 (2) Within 14 days after service of the notice, the alleged violator
14 has done all of the following:

15 (A) Corrected the alleged violation.

16 (B) (i) Agreed to pay a civil penalty for the alleged violation
17 of Section 25496.6 in the amount of five hundred dollars (\$500),
18 to be adjusted quinquennially pursuant to clause (ii), per facility
19 or premises where the alleged violation occurred, of which 75
20 percent shall be deposited in the Safe Drinking Water and Toxic
21 Enforcement Fund, and 25 percent shall be paid to the person that
22 served the notice as provided in Section 25249.12.

23 (ii) On January 1, 2019, and at each five-year interval thereafter,
24 the dollar amount of the civil penalty provided pursuant to this
25 subparagraph shall be adjusted by the Judicial Council based on
26 the change in the annual California Consumer Price Index for All
27 Urban Consumers, published by the Department of Industrial
28 Relations, Division of Labor Statistics, for the most recent five-year
29 period ending on December 31 of the year preceding the year in
30 which the adjustment is made, rounded to the nearest five dollars
31 (\$5). The Judicial Council shall quinquennially publish the dollar
32 amount of the adjusted civil penalty provided pursuant to this
33 subparagraph, together with the date of the next scheduled
34 adjustment.

35 (C) Notified, in writing, the person that served the notice of the
36 alleged violation, that the violation has been corrected. The written
37 notice shall include the notice of *special compliance procedure*
38 *and proof of compliance approved by the Judicial Council pursuant*
39 *to paragraph (2) of subdivision (l) and a photograph or photocopy*
40 *of the true and correct warning form specified in subdivision (l),*

1 *which was provided by the person serving notice of the alleged*
2 *violation and which shall be completed by the alleged violator as*
3 *directed in the notice.*

4 (3) The alleged violator shall deliver the civil penalty to the
5 person that served the notice of the alleged violation within 30
6 days of service of that notice, and the person that served the notice
7 of violation shall remit the portion of the penalty due to the Safe
8 Drinking Water and Toxic Enforcement Fund within 30 days of
9 receipt of the funds from the alleged violator.

10 ~~(f) Any notice subject to subdivision (k) shall prominently~~
11 ~~include both of the following:~~

12 ~~(1) A clear and reasonable description of the terms of~~
13 ~~subdivision (k), including a notification that an alleged violator~~
14 ~~may not be liable if the business has fewer than 10 employees.~~

15 ~~(2) A notice of compliance, approved by the Judicial Council,~~
16 ~~that includes the following statement: "I hereby swear, under~~
17 ~~penalty of perjury, that I have received a notice of violation of~~
18 ~~Section 25249.6 and have taken the following steps to comply~~
19 ~~with Section 25249.7."~~

20 *(l) The notice required to be provided to an alleged violator*
21 *pursuant to subdivision (k) shall be presented as follows:*

1

1 (m) An alleged violator may satisfy the conditions set forth in
2 subdivision (k) only one time for a violation arising from the same
3 exposure in the same facility or on the same premises.

4 (n) Nothing in subdivision (k) shall prevent the Attorney
5 General, a district attorney, a city attorney, or a prosecutor in whose
6 jurisdiction the violation is alleged to have occurred from filing
7 an action pursuant to subdivision (c) against an alleged violator.
8 In any such action, the amount of any civil penalty for a violation
9 shall be reduced to reflect any payment made by the alleged
10 violator for the same alleged violation pursuant to subparagraph
11 (B) of paragraph (2) of subdivision (k).

12 SEC. 2. The Legislature finds and declares that this act furthers
13 the purposes of the Safe Drinking Water and Toxic Enforcement
14 Act of 1986 (Chapter 6.6 (commencing with Section 25249.5) of
15 Division 20 of the Health and Safety Code).

16 SEC. 3. Specifically, the Legislature finds and declares that
17 subdivision (k) of Section 25249.7 of the Health and Safety Code
18 is necessary to further the purposes of Section 25249.6 of the
19 Health and Safety Code, in terms of speed of compliance and
20 reasonableness as contemplated by that section. To ensure prompt
21 compliance with the Safe Drinking Water and Toxic Enforcement
22 Act of 1986 (Chapter 6.6 (commencing with Section 25249.5) of
23 Division 20 of the Health and Safety Code), paragraph (2) of
24 subdivision (k) of Section 25249.7 of the Health and Safety Code
25 shall be independent and severable from the rest of this act.

26 SEC. 4. The Legislature further finds and declares that
27 subdivisions (k) to (m), inclusive, of Section 25249.7 of the Health
28 and Safety Code are necessary to further the purposes of the intent
29 of fairness contemplated by the Safe Drinking Water and Toxic
30 Enforcement Act of 1986 (Chapter 6.6 (commencing with Section
31 25249.5) of Division 20 of the Health and Safety Code), as evinced
32 by the fairness factors outlined in Section 25249.10 of the Health
33 and Safety Code.

34 SEC. 5. The Legislature further finds and declares that Sections
35 2, 3, and 4 of this act are intended to articulate how this act furthers
36 the purposes of the Safe Drinking Water and Toxic Enforcement
37 Act of 1986 (Chapter 6.6 (commencing with Section 25249.5) of
38 Division 20 of the Health and Safety Code) and shall not be
39 construed to affect any litigation other than litigation concerning
40 whether this act furthers the purposes of the Safe Drinking Water

1 and Toxic Enforcement Act of 1986 (Chapter 6.6 (commencing
2 with Section 25249.5) of Division 20 of the Health and Safety
3 Code).

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

13 ~~SEC. 7.~~

14 *SEC. 6.* This act is an urgency statute necessary for the
15 immediate preservation of the public peace, health, or safety within
16 the meaning of Article IV of the Constitution and shall go into
17 immediate effect. The facts constituting the necessity are:

18 In order to avoid unnecessary litigation and to facilitate
19 compliance with the Safe Drinking Water and Toxic Enforcement
20 Act of 1986, it is necessary that this act take effect immediately.