

Assembly Bill No. 529

Passed the Assembly September 10, 2013

Chief Clerk of the Assembly

Passed the Senate September 9, 2013

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2013, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend, repeal, and add Sections 7235 and 7236 of the Revenue and Taxation Code, and to amend Section 34622 of, to amend, repeal, and add Sections 34501.12, 34505.5, 34505.6, 34515, 34601, 34623, and 40000.22 of, and to repeal Section 34606 of, the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 529, Lowenthal. Vehicles: motor carriers: inspections and fees.

Existing law establishes the Biennial Inspection of Terminals Program (BIT) to ensure the safe operation of certain vehicles by a motor carrier through the inspection of these vehicles at the motor carrier's terminal by the Department of the California Highway Patrol. Existing law defines a motor carrier, for this purpose, as the registered owner of, and in some cases the lessee or person exclusively authorizing and directing the operation of, specified vehicles. Existing law requires, within 30 days of establishing a terminal, a motor carrier to schedule an inspection by submitting to the department an application for a terminal inspection accompanied by the payment of a fee the amount of which is based on the number of vehicles in a terminal or the "terminal fleet size." Existing law requires the department to inspect every terminal at least once every 25 months and defines a terminal as the location or locations designated by the motor carrier where subject vehicles and specific records are available for inspection.

This bill would, commencing January 1, 2016, revise and recast these provisions as the Basic Inspection of Terminals (BIT) Program. The bill would, commencing January 1, 2016, authorize the department to conduct terminal inspections at any time. The bill would require the department, on or before January 1, 2016, to implement a performance-based truck terminal inspection priority system similar to that used by the Federal Motor Carrier Safety Administration that would require the department to place an inspection priority on motor carrier terminals never previously inspected by the department. The bill would require, commencing January 1, 2016, the department to create a database to include

specified performance-based data and provide real-time information to the department regarding motor carrier performance, as specified. The bill would, commencing January 1, 2016, provide that the department is not required to inspect a terminal more than once every 6 years, if certain conditions apply, and provides that terminals that receive less than a satisfactory compliance rating would be subject to periodic inspections based on the severity of violations. The bill would require the Department of the California Highway Patrol, commencing January 30, 2017, and every 5 years thereafter, to report to the Department of Motor Vehicles the amount it expended for truck terminal inspections and roadside safety inspections. The bill would require the Department of Motor Vehicles to compare those expenditures to the amounts collected for carrier inspection fees, as specified, and, commencing July 1, 2017, and every 5 years thereafter, adjust the carrier inspection fee to ensure that the net revenues from the carrier inspection fee are sufficient to cover the Department of the California Highway Patrol's reasonable costs for those activities. The bill would express the intent of the Legislature in this regard.

Existing law provides that it is a misdemeanor for a motor carrier to operate a vehicle without having submitted an inspection application and the required fees to the department, as specified.

This bill would revise those provisions to, commencing January 1, 2016, make it a misdemeanor for a motor carrier to operate any of specified types of vehicles without identifying to the department all terminals in this state where vehicles may be inspected by the department and where vehicle inspection and maintenance records and driver records will be made available for inspection. The bill would, commencing January 1, 2016, require the lessor of certain vehicles to make vehicles available for inspection upon request of an authorized representative of the department in the course of inspecting the terminal of the lessee. The bill would make a violation of these provisions a misdemeanor. The bill would, commencing January 1, 2016, make it a misdemeanor for a motor carrier to operate or cause to be operated any of specified vehicles unless the motor carrier is knowledgeable of, and in compliance with, all applicable statutes and regulations.

By expanding the provisions of existing law, the violation of which is an offense, this bill would impose a state-mandated local program.

The bill would, commencing January 1, 2016, require a motor carrier to make vehicles and records available for inspection upon request by the department and to pay a carrier inspection fee, the amount to be based on the size of the motor carrier's fleet. The bill would, commencing January 1, 2016, impose delinquency fees for failure to pay the fee on time. The bill would make other technical and conforming changes to the BIT Program.

This bill would incorporate additional changes to Section 34601 of the Vehicle Code proposed by AB 501 that would become operative if this bill and AB 501 are both enacted and this bill is enacted last.

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.

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

SECTION 1. Section 7235 of the Revenue and Taxation Code is amended to read:

7235. (a) The Safety Fee imposed by this chapter shall be paid by all motor carriers of property, as defined in Section 34601 of the Vehicle Code.

(b) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 2. Section 7235 is added to the Revenue and Taxation Code, to read:

7235. (a) The Safety Fee and Carrier Inspection Fee imposed by this chapter shall be paid by all motor carriers of property, as defined in Section 34601 of the Vehicle Code.

(b) This section shall become operative on January 1, 2016.

SEC. 3. Section 7236 of the Revenue and Taxation Code is amended to read:

7236. (a) Uniform business license tax fee payments collected by the Department of Motor Vehicles pursuant to Section 7232 shall be deposited in the State Treasury to the credit of the General Fund. All other funds collected by the Department of Motor

Vehicles pursuant to Section 7232 shall be deposited in the State Treasury to the credit of the Motor Vehicle Account in the State Transportation Fund. The following fees shall be paid to the department:

(1) For-hire motor carriers of property shall pay, according to the following schedule, fees indicated as the safety fee and uniform business license tax fee, based on the size of their motor vehicle fleet.

(2) Private carriers of property with a fleet size of 10 or less motor vehicles shall pay a fee of thirty-five dollars (\$35). Private carriers of property with a fleet size of 11 or more motor vehicles shall pay, according to the following schedule, fees indicated as the safety fee, based on the size of their motor vehicle fleet. Any carrier that does not pay a uniform business license tax fee shall not operate as a for-hire motor carrier.

(3) A seasonal permit may be issued to a motor carrier of property upon payment of fees indicated as the safety fee and one-twelfth of the fee indicated as the uniform business license tax fee, rounded to the next dollar, for each month the permit is valid. The original seasonal permit shall be valid for a period of not less than six months, and may be renewed upon payment of a five-dollar (\$5) fee, and one-twelfth of the fee indicated as a uniform business license tax fee for each additional month of operation.

Fleet Size—Commercial Motor Vehicles Fee	Safety Fee	Uniform Business License Tax
1	\$60	\$60
2-4	75	125
5-10	200	275
11-20	240	470
21-35	325	650
36-50	430	880
51-100	535	1,075
101-200	635	1,300
201-500	730	1,510
501-1,000	830	1,715
1,001-2,000	930	1,900
2,001-over	1,030	2,000

Notwithstanding the above fee schedule, motor carriers of property with 10 or fewer trucks shall not pay fees higher than they would have paid under the fee structure in place as of January 1, 1996. Notwithstanding Section 34606 of the Vehicle Code, fees for these carriers shall not be subject to an increase by the Department of Motor Vehicles.

(b) Funds derived from safety fees shall remain in the Motor Vehicle Account in the State Transportation Fund and shall be available for appropriation by the Legislature to cover costs incurred by the Department of Motor Vehicles and the Department of the California Highway Patrol in regulating motor carriers of property pursuant to Division 14.85 (commencing with Section 34600) of the Vehicle Code.

(c) It is the intent of the Legislature that the fee schedule established in subdivision (a) shall not discriminate against small fleet or individual vehicle operators or result in a disproportionate share of those fees being assigned to small fleet or individual vehicle operators.

(d) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 4. Section 7236 is added to the Revenue and Taxation Code, to read:

7236. (a) Uniform business license tax fee payments collected by the Department of Motor Vehicles pursuant to Section 7232 shall be deposited in the State Treasury to the credit of the General Fund. All other funds collected by the Department of Motor Vehicles pursuant to Section 7232 shall be deposited in the State Treasury to the credit of the Motor Vehicle Account in the State Transportation Fund. The following fees shall be paid to the department:

(1) For-hire motor carriers of property shall pay, according to the schedule in subdivision (c), fees indicated as the safety fee, Carrier Inspection Fee, and uniform business license tax fee, based on the size of their motor vehicle fleet.

(2) (A) Private carriers of property with a fleet size of 10 or less motor vehicles shall pay a safety fee of thirty-five dollars (\$35). Private carriers of property with a fleet size of 11 or more motor vehicles shall pay, according to the schedule in subdivision (c), fees indicated as the safety fee, based on the size of their motor

vehicle fleet. Any carrier that does not pay a uniform business license tax fee shall not operate as a for-hire motor carrier.

(B) Private carriers of property shall pay, according to the schedule of fees in subdivision (c), fees indicated as the carrier inspection fee based on the size of the motor vehicle fleet.

(b) "Fleet size" as used in this section, does not include vehicles described in subdivision (e) of Section 34500.

(c) (1) A seasonal permit may be issued to a motor carrier of property upon payment of fees indicated as the safety fee and one-twelfth of the fee indicated as the uniform business license tax fee, rounded to the next dollar, for each month the permit is valid. The original seasonal permit shall be valid for a period of not less than six months, and may be renewed upon payment of a five-dollar (\$5) fee, and one-twelfth of the fee indicated as a uniform business license tax fee for each additional month of operation.

Fleet—Size Commercial Vehicles Fee	Safety Fee	Uniform Business License Tax	Carrier Inspection Fee
1	\$60	\$60	\$130
2-4	75	125	152
5-10	200	275	252
11-20	240	470	573
21-35	325	650	743
36-50	430	880	961
51-100	535	1,075	1,112
101-200	635	1,300	1,463
201-500	730	1,510	1,512
501-1,000	830	1,715	1,600
1,001-2,000	930	1,900	1,800
2,001-over	1,030	2,000	2,114

(2) Notwithstanding the fee schedule in paragraph (1), except for the carrier inspection fee, motor carriers of property with 10 or fewer trucks shall not pay fees higher than they would have paid under the fee schedule applicable as of January 1, 1996.

(d) Failure to pay fees required by this section, within the appropriate timeframe, shall result in additional delinquent fees as follows:

(1) For a delinquency period of more than 30 days and less than one year, the penalty is 60 percent of the required fee.

(2) For a delinquency period of one to two years, the penalty is 80 percent of the required fee.

(3) For a delinquency period of more than two years, the penalty is 160 percent of the required fee.

(e) Funds derived from safety fees, including delinquency fees, shall remain in the Motor Vehicle Account in the State Transportation Fund and shall be available for appropriation by the Legislature to cover costs incurred by the Department of Motor Vehicles and the Department of the California Highway Patrol in regulating and inspecting motor carriers of property pursuant to Division 14.8 (commencing with Section 34500) and Division 14.85 (commencing with Section 34600) of the Vehicle Code.

(f) All Carrier Inspection Fees, including delinquency fees, collected pursuant to this section shall be deposited in the Motor Vehicle Account in the State Transportation Fund. An amount equal to the Carrier Inspection Fees collected shall be made available for appropriation by the Legislature from the Motor Vehicle Account to the department for the purpose of conducting truck terminal inspections and roadside safety inspections required by Section 34514 of the Vehicle Code.

(g) It is the intent of the Legislature that the fee schedule established in subdivision (c) shall not discriminate against small fleet or individual vehicle operators or result in a disproportionate share of those fees being assigned to small fleet or individual vehicle operators. It is further the intent of the Legislature that the amount made available for appropriation pursuant to subdivision (f) shall fully defray the costs of the department for the purposes of the truck terminal inspections conducted pursuant to Section 34501.12 of the Vehicle Code and roadside safety inspections required by Section 34514 of the Vehicle Code.

(h) Commencing January 30, 2017, and every five years thereafter, the Department of the California Highway Patrol shall report to the Department of Motor Vehicles the amount that the Department of the California Highway Patrol expended in the previous fiscal year to conduct the inspections and otherwise administer the requirements of Section 34501.12 and 34514 of the Vehicle Code. The Department of Motor Vehicles shall compare this amount to the revenue it collected, net of its collection costs,

during the same fiscal year from carrier inspection fees received pursuant to this section. Based on this comparison, the Department of Motor Vehicles shall, effective July 1, 2017, and every five years thereafter, adjust the carrier inspection fee specified in subdivision (c) to ensure that the net revenues from the carrier inspection fee are sufficient to cover the Department of the California Highway Patrol's reasonable costs for the activities described in this subdivision.

(i) This section shall become operative on January 1, 2016.

SEC. 5. 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 a 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 an 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 following meanings:

(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, a 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 a motor carrier who, at any time, operates a 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 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, including delinquency fees, 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 and less than one year, 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 not conduct a 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) Except as provided in paragraph (5), 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 an 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 an 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 a 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.

(5) Notwithstanding paragraphs (1) to (4), inclusive, a motor carrier of hazardous materials shall not be granted administrative review pursuant to this subdivision in lieu of a terminal inspection pursuant to subdivision (d) at any terminal from which hazardous materials carrying vehicles identified by paragraph (3) of subdivision (d) are operated.

(k) This section shall be known and may be cited as the Biennial Inspection of Terminals Program or BIT.

(l) The department shall, on or before January 1, 2016, adopt regulations establishing a performance-based truck terminal inspection priority selection system.

(m) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 6. Section 34501.12 is added to the Vehicle Code, to read:

34501.12. (a) Vehicles and the operation thereof, subject to this section, are those described in subdivision (a), (b), (e), (f), (g), (j), or (k) of Section 34500.

(b) It is unlawful for a motor carrier to operate any vehicle of a type described in subdivision (a) without identifying to the department all terminals, as defined in Section 34515, in this state where vehicles may 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. Motor carriers shall make vehicles and records available for inspection upon request by an authorized representative of the department. If a motor carrier fails to provide vehicles and records, an unsatisfactory terminal rating shall be issued by the department.

(1) The number of vehicles that will be selected for inspection by the department at a terminal shall be based on terminal fleet size and applied separately to a terminal fleet of power units and trailers, according to the following schedule:

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

(2) The lessor of any vehicle described in subdivision (a) shall make vehicles available for inspection upon request of an authorized representative of the department in the course of inspecting the terminal of the lessee. This section does not affect whether the lessor or driver provided by the lessor is an employee of the authorized carrier lessee, and compliance with this section and its attendant administrative requirements does not imply an employee-employer relationship.

(c) (1) The department may inspect any terminal, as defined in Section 34515, of a motor carrier who, at any time, operates any vehicle described in subdivision (a).

(2) The department shall adopt rules and regulations establishing a performance-based truck terminal inspection selection priority system. In adopting the system's rules and regulations, the department shall incorporate methodologies consistent with those used by the Federal Motor Carrier Safety Administration, including those related to the quantitative analysis of safety-related motor carrier performance data, collected during the course of inspection

or enforcement contact by authorized representatives of the department or any authorized federal, state, or local safety official, in categories, including, but not limited to, driver fatigue, driver fitness, vehicle maintenance, and controlled substances and alcohol use. The department shall also incorporate other safety-related motor carrier performance data in this system, including citations and accident information. The department shall create a database to include all performance-based data specified in this section that shall be updated in a manner to provide real-time information to the department on motor carrier performance. The department shall prioritize for selection those motor carrier terminals never previously inspected by the department, those identified by the inspection priority selection system, and those terminals operating vehicles listed in subdivision (g) of Section 34500. The department is not required to inspect a terminal subject to inspection pursuant to this section more often than once every six years, if a terminal receives a satisfactory compliance rating as the result of a terminal inspection conducted by the department pursuant to this section or Section 34501, or if the department has not received notification by the system of a motor carrier operating while exceeding the threshold of the inspection selection priority system. Any motor carrier that is inspected and receives less than a satisfactory compliance rating, or that falls below the threshold of the selection priority system, shall be subject to periodic inquiries and inspections as outlined in subdivision (f), and these inquiries and inspections shall be based on the severity of the violations.

(3) As used in this section and Section 34505.6, subdivision (f) of Section 34500 includes only those combinations where the gross vehicle weight rating of the towing vehicle exceeds 10,000 pounds, but does not include a pickup truck or any combination never operated in commercial use, 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. Notwithstanding Section 5014.1, vehicles that display special identification plates in accordance with Section 5011, historical vehicles, as described in Section 5004, 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 Section 34505.6.

(d) It is unlawful for a motor carrier to operate, or cause to be operated, any vehicle which is subject to this section, Section 34520, or Division 14.85 (commencing with Section 34600), unless the motor carrier is knowledgeable of, and in compliance with, all applicable statutes and regulations.

(e) 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 subdivision (d). 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 subdivision (d). This certification shall be completed in writing by the contracted motor carrier in a manner prescribed by the department. The certification, or a copy of the certification, 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. The certifications required by this subdivision and subdivision (b) of 34620 may be combined.

(f) (1) An inspected terminal that receives an unsatisfactory compliance rating shall be reinspected by the department within 120 days after the issuance of the unsatisfactory compliance rating.

(2) 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 not conduct a reinspection for permit or authority reinstatement until requested to do so by the Department of Motor Vehicles or the Public Utilities Commission, as appropriate.

(g) A motor carrier issued an unsatisfactory terminal rating may request a review of the rating within five business days of receipt of the notification of the rating. The department shall conduct and evaluate the review within 10 business days of the request.

(h) The department shall publish performance-based inspection completion data and make the data available for public review.

(i) This section shall be known, and may be cited, as the Basic Inspection of Terminals program or BIT program.

(j) This section shall become operative on January 1, 2016.

SEC. 7. Section 34505.5 of the Vehicle Code is amended to read:

34505.5. (a) Every motor carrier operating any vehicle described in subdivision (a), (b), (e), (f), or (g) of Section 34500, except those vehicles exempted under Section 34501.12, shall, as a part of the systematic inspection, maintenance, and lubrication services required of all motor carriers, require the vehicle or vehicles for which it is responsible pursuant to Section 34501.12 to be inspected at least every 90 days, or more often if necessary to ensure safe operation. Vehicles which are out of service for periods greater than 90 calendar days are not required to be inspected at 90-day intervals if they are inspected before operation on the highway. This inspection shall include, but not be limited to, all of the following:

- (1) Brake adjustment.
- (2) Brake system components and leaks.
- (3) Steering and suspension systems.
- (4) Tires and wheels.
- (5) Vehicle connecting devices.

(b) No vehicle subject to this section shall be operated on the highway other than to a place of repair until all defects listed during the inspection conducted pursuant to subdivision (a) have been corrected and attested to by the signature of the motor carrier's authorized representative.

(c) Records of inspections conducted pursuant to subdivision (a) shall be kept at the motor carrier's terminals, as designated in accordance with Section 34501.12. The records shall be retained by the motor carrier for two years, and shall be made available for inspection upon request by any authorized employee of the department. Each record shall include, but not be limited to, all of the following:

- (1) Identification of the vehicle, including make, model, license number, company vehicle number, or other means of positive identification.
- (2) Date and nature of each inspection and any repair performed.
- (3) Signature of the motor carrier's authorized representative attesting to the inspection and to the completion of all required repairs.

(d) Printouts of inspection and maintenance records maintained in computer systems shall be accepted in lieu of signed inspection

or repair records if the printouts include the information required in paragraphs (1) and (2) of subdivision (c).

(e) Notwithstanding subdivisions (a) to (d), inclusive, records of 90-day inspections need not be retained in California for interstate vehicles which are not physically based in California. However, when these vehicles are present in California, they are subject to inspection by the department. If the inspection results indicate maintenance program deficiencies, the department may require the motor carrier to produce the maintenance records or copies of those records for inspection within 10 working days.

(f) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 8. Section 34505.5 is added to the Vehicle Code, to read:

34505.5. (a) Every motor carrier operating any vehicle described in subdivision (a), (b), (e), (f), (g), (j), or (k) of Section 34500, except those vehicles exempted under Section 34501.12, shall, as a part of the systematic inspection, maintenance, and lubrication services required of all motor carriers, require the vehicle or vehicles for which it is responsible pursuant to Section 34501.12 to be inspected at least every 90 days, or more often if necessary to ensure safe operation. Vehicles which are out of service for periods greater than 90 calendar days are not required to be inspected at 90-day intervals if they are inspected before operation on the highway. This inspection shall include, but not be limited to, all of the following:

- (1) Brake adjustment.
- (2) Brake system components and leaks.
- (3) Steering and suspension systems.
- (4) Tires and wheels.
- (5) Vehicle connecting devices.

(b) No vehicle subject to this section shall be operated on the highway other than to a place of repair until all defects listed during the inspection conducted pursuant to subdivision (a) have been corrected and attested to by the signature of the motor carrier's authorized representative.

(c) Records of inspections conducted pursuant to subdivision (a) shall be kept at the motor carrier's terminals, as designated in accordance with Section 34501.12. The records shall be retained by the motor carrier for two years, and shall be made available for

inspection upon request by any authorized employee of the department. Each record shall include, but not be limited to, all of the following:

(1) Identification of the vehicle, including make, model, license number, company vehicle number, or other means of positive identification.

(2) Date and nature of each inspection and any repair performed.

(3) Signature of the motor carrier's authorized representative attesting to the inspection and to the completion of all required repairs.

(d) Printouts of inspection and maintenance records maintained in computer systems shall be accepted in lieu of signed inspection or repair records if the printouts include the information required in paragraphs (1) and (2) of subdivision (c).

(e) Notwithstanding subdivisions (a) to (d), inclusive, records of 90-day inspections need not be retained in California for interstate vehicles which are not physically based in California. However, when these vehicles are present in California, they are subject to inspection by the department. If the inspection results indicate maintenance program deficiencies, the department may require the motor carrier to produce the maintenance records or copies of those records for inspection within 10 working days.

(f) This section shall become operative on January 1, 2016.

SEC. 9. Section 34505.6 of the Vehicle Code is amended to read:

34505.6. (a) Upon determining that a motor carrier of property who is operating any vehicle described in subdivision (a), (b), (e), (f), (g), or (k) of Section 34500, or any motortruck of two or more axles that is more than 10,000 pounds gross vehicle weight rating, on a public highway, has done any of the following, the department shall recommend that the Department of Motor Vehicles suspend or revoke the carrier's motor carrier permit, or for interstate operators, the department shall recommend to the Federal Motor Carrier Safety Administration that appropriate administrative action be taken against the carrier:

(1) Failed to maintain any vehicle of a type described above in a safe operating condition or to comply with the Vehicle Code or with applicable regulations contained in Title 13 of the California Code of Regulations, and, in the department's opinion, that failure presents an imminent danger to public safety or constitutes a

consistent failure so as to justify a suspension or revocation of the motor carrier's motor carrier permit.

(2) Failed to enroll all drivers in the pull-notice system as required by Section 1808.1.

(3) Failed to submit any application or pay any fee required by subdivision (e) or (h) of Section 34501.12 within the timeframes set forth in that section.

(b) Upon determining that a household goods carrier, or a household goods carrier transporting used office, store, or institution furniture and fixtures under its household goods carrier permit issued under Section 5137 of the Public Utilities Code, operating any vehicle described in subdivision (a), (b), (e), (f), (g), or (k) of Section 34500 on a public highway has done any of the following, the department shall recommend that the Public Utilities Commission deny, suspend, or revoke the carrier's operating authority, or for interstate operators, the department shall recommend to the Federal Motor Carrier Safety Administration that appropriate administrative action be taken against the carrier:

(1) Failed to maintain any vehicle used in transportation for compensation in a safe operating condition or to comply with the Vehicle Code or with applicable regulations contained in Title 13 of the California Code of Regulations, and, in the department's opinion, that failure presents an imminent danger to public safety or constitutes a consistent failure so as to justify a suspension, revocation, or denial of the motor carrier's operating authority.

(2) Failed to enroll all drivers in the pull-notice system as required by Section 1808.1.

(3) Failed to submit any application or pay any fee required by subdivision (e) or (h) of Section 34501.12 within the timeframes set forth in that section.

(c) For purposes of this section, two consecutive unsatisfactory compliance ratings for an inspected terminal assigned because the motor carrier failed to comply with the periodic report requirements of Section 1808.1 or the cancellation of the carrier's enrollment by the Department of Motor Vehicles for the nonpayment of required fees is a consistent failure. The department shall retain a record, by operator, of every recommendation made pursuant to this section.

(d) Before transmitting a recommendation pursuant to subdivision (a), the department shall notify the carrier in writing of all of the following:

(1) That the department has determined that the carrier's safety record or compliance with Section 1808.1 or subdivision (e) or (h) of Section 34501.12 is unsatisfactory, furnishing a copy of any documentation or summary of any other evidence supporting the determination.

(2) That the determination may result in a suspension, revocation, or denial of the carrier's motor carrier permit by the Department of Motor Vehicles, suspension, revocation, of the motor carrier's operating authority by the California Public Utilities Commission, or administrative action by the Federal Motor Carrier Safety Administration.

(3) That the carrier may request a review of the determination by the department within five days of its receipt of the notice required under this subdivision. If a review pursuant to this paragraph is requested by the carrier, the department shall conduct and evaluate that review prior to transmitting any notification pursuant to subdivision (a) or (b).

(e) Upon receipt of a written recommendation from the department that a motor carrier permit or operating authority be suspended, revoked, or denied, the Department of Motor Vehicles or Public Utilities Commission, as appropriate, shall, pending a hearing in the matter pursuant to Section 34623 or appropriate Public Utilities Commission authority, suspend the motor carrier permit or operating authority. The written recommendation shall specifically indicate compliance with subdivision (d).

(f) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 10. Section 34505.6 is added to the Vehicle Code, to read:

34505.6. (a) Upon determining that a motor carrier of property who is operating any vehicle described in subdivision (a), (b), (e), (f), (g), (j), or (k) of Section 34500, or any motortruck of two or more axles that is more than 10,000 pounds gross vehicle weight rating, on a public highway, has done either of the following, the department shall recommend that the Department of Motor Vehicles suspend or revoke the carrier's motor carrier permit, or,

for interstate operators, the department shall recommend to the Federal Motor Carrier Safety Administration that appropriate administrative action be taken against the carrier:

(1) Failed to maintain any vehicle of a type described above in a safe operating condition or to comply with the Vehicle Code or with applicable regulations contained in Title 13 of the California Code of Regulations, and, in the department's opinion, that failure presents an imminent danger to public safety or constitutes a consistent failure so as to justify a suspension or revocation of the motor carrier's motor carrier permit.

(2) Failed to enroll all drivers in the pull-notice system as required by Section 1808.1.

(b) Upon determining that a household goods carrier, or a household goods carrier transporting used office, store, or institution furniture and fixtures under its household goods carrier permit issued under Section 5137 of the Public Utilities Code, operating any vehicle described in subdivision (a), (b), (e), (f), (g), (j), or (k) of Section 34500 on a public highway, has done either of the following, the department shall recommend that the Public Utilities Commission deny, suspend, or revoke the carrier's operating authority, or, for interstate operators, the department shall recommend to the Federal Motor Carrier Safety Administration that appropriate administrative action be taken against the carrier:

(1) Failed to maintain any vehicle used in transportation for compensation in a safe operating condition or to comply with the Vehicle Code or with applicable regulations contained in Title 13 of the California Code of Regulations, and, in the department's opinion, that failure presents an imminent danger to public safety or constitutes a consistent failure so as to justify a suspension, revocation, or denial of the motor carrier's operating authority.

(2) Failed to enroll all drivers in the pull-notice system as required by Section 1808.1.

(c) For purposes of this section, two consecutive unsatisfactory compliance ratings for an inspected terminal assigned because the motor carrier failed to comply with the periodic report requirements of Section 1808.1 or the cancellation of the carrier's enrollment by the Department of Motor Vehicles for the nonpayment of required fees is a consistent failure. The department shall retain a

record, by operator, of every recommendation made pursuant to this section.

(d) Before transmitting a recommendation pursuant to subdivision (a), the department shall notify the carrier in writing of all of the following:

(1) That the department has determined that the carrier's safety record or compliance with Section 1808.1 is unsatisfactory, furnishing a copy of any documentation or summary of any other evidence supporting the determination.

(2) That the determination may result in a suspension, revocation, or denial of the carrier's motor carrier permit by the Department of Motor Vehicles, suspension, revocation, of the motor carrier's operating authority by the California Public Utilities Commission, or administrative action by the Federal Motor Carrier Safety Administration.

(3) That the carrier may request a review of the determination by the department within five days of its receipt of the notice required under this subdivision. If a review pursuant to this paragraph is requested by the carrier, the department shall conduct and evaluate that review prior to transmitting any notification pursuant to subdivision (a) or (b).

(e) Upon receipt of a written recommendation from the department that a motor carrier permit or operating authority be suspended, revoked, or denied, the Department of Motor Vehicles or Public Utilities Commission, as appropriate, shall, pending a hearing in the matter pursuant to Section 34623 or appropriate Public Utilities Commission authority, suspend the motor carrier permit or operating authority. The written recommendation shall specifically indicate compliance with subdivision (d).

(f) This section shall become operative on January 1, 2016.

SEC. 11. Section 34515 of the Vehicle Code is amended to read:

34515. (a) As used in this division and in regulations adopted pursuant to this division, "maintenance facility or terminal" means any place or places where a vehicle of a type listed in Section 34500 is regularly garaged or maintained, or from which it is operated or dispatched. "Maintenance facility or terminal" may include a private business or residence.

(b) For the purpose of the inspections required by Section 34501.12, "terminal" means the location or locations in this state

that are designated by a motor carrier, where subject vehicles may be inspected by the department pursuant to paragraph (4) of subdivision (a) of Section 34501, and where vehicle maintenance and inspection records and drivers' records will be made available for inspection.

(c) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 12. Section 34515 is added to the Vehicle Code, to read:

34515. (a) As used in this division and in regulations adopted pursuant to this division, "maintenance facility or terminal" means any place or places where a vehicle of a type listed in Section 34500 is regularly garaged or maintained, or from which it is operated or dispatched. "Maintenance facility or terminal" includes a private business or residence.

(b) For the purpose of the inspections conducted pursuant to Section 34501.12, "terminal" means the location or locations in this state that are designated by a motor carrier, where subject vehicles may be inspected by the department and where vehicle maintenance and inspection records and drivers' records will be made available for inspection.

(c) This section shall become operative on January 1, 2016.

SEC. 13. Section 34601 of the Vehicle Code is amended to read:

34601. (a) As used in this division, "motor carrier of property" means any person who operates any commercial motor vehicle as defined in subdivision (c). "Motor carrier of property" does not include a household goods carrier, as defined in Section 5109 of the Public Utilities Code, a household goods carrier transporting used office, store, and institution furniture and fixtures under its household goods carrier permit pursuant to Section 5137 of the Public Utilities Code, persons providing only transportation of passengers, or a passenger stage corporation transporting baggage and express upon a passenger vehicle incidental to the transportation of passengers.

(b) As used in this division, "for-hire motor carrier of property" means a motor carrier of property as defined in subdivision (a) who transports property for compensation.

(c) (1) As used in this division, except as provided in paragraph (2), a "commercial motor vehicle" means any self-propelled vehicle

listed in subdivisions (a), (b), (f), (g), and (k) of Section 34500, any motor truck of two or more axles that is more than 10,000 pounds gross vehicle weight rating, and any other motor vehicle used to transport property for compensation.

(2) As used in this division, “commercial motor vehicle” does not include any of the following:

(A) Vehicles identified in subdivision (f) of Section 34500, if the gross vehicle weight rating of the towing vehicle is 10,000 pounds or less.

(B) Vehicles identified in subdivision (g) of Section 34500, if the hazardous material transportation does not require the display of placards under Section 27903, a license under Section 32000.5, or a hazardous waste transporter registration under Section 25163 of the Health and Safety Code, and the vehicle is not operated in commercial use.

(C) Vehicles operated by a household goods carrier, as defined in Section 5109 of the Public Utilities Code, under the household goods carrier permit pursuant to Section 5137 of that code.

(D) Vehicles operated by a household goods carrier to transport used office, store, and institution furniture and fixtures under its household goods carrier permit pursuant to Section 5137 of the Public Utilities Code.

(E) Pickup trucks as defined in Section 471, if the conditions in subparagraphs (A) and (B) are also met.

(F) Two-axle daily rental trucks with a gross vehicle weight rating of less than 26,001 pounds, when operated in noncommercial use.

(G) Motor trucks or two-axle truck tractors, with a gross vehicle weight rating of less than 26,001 pounds, when used solely to tow a camp trailer, trailer coach, fifth-wheel travel trailer, or utility trailer. Vehicle combinations described in this subparagraph are not subject to Section 27900, 34501.12, or 34507.5.

(d) For purposes of this chapter, “private carrier” means a motor carrier of property, who transports only his or her own property, including, but not limited to, the delivery of goods sold by that carrier.

(e) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 13.5. Section 34601 of the Vehicle Code is amended to read:

34601. (a) As used in this division, “motor carrier of property” means any person who operates any commercial motor vehicle as defined in subdivision (c). “Motor carrier of property” does not include a household goods carrier, as defined in Section 5109 of the Public Utilities Code, a household goods carrier transporting used office, store, and institution furniture and fixtures under its household goods carrier permit pursuant to Section 5137 of the Public Utilities Code, persons providing only transportation of passengers, or a passenger stage corporation transporting baggage and express upon a passenger vehicle incidental to the transportation of passengers.

(b) As used in this division, “for-hire motor carrier of property” means a motor carrier of property as defined in subdivision (a) who transports property for compensation.

(c) (1) As used in this division, except as provided in paragraph (2), a “commercial motor vehicle” means any self-propelled vehicle listed in subdivisions (a), (b), (f), (g), and (k) of Section 34500, any motortruck of two or more axles that is more than 10,000 pounds gross vehicle weight rating, and any other motor vehicle used to transport property for compensation.

(2) As used in this division, “commercial motor vehicle” does not include any of the following:

(A) Vehicles identified in subdivision (f) of Section 34500, if the gross vehicle weight rating of the towing vehicle is 10,000 pounds or less.

(B) Vehicles identified in subdivision (g) of Section 34500, if the hazardous material transportation does not require the display of placards under Section 27903, a license under Section 32000.5, or a hazardous waste transporter registration under Section 25163 of the Health and Safety Code, and the vehicle is not operated in commercial use.

(C) Vehicles operated by a household goods carrier, as defined in Section 5109 of the Public Utilities Code, under the household goods carrier permit pursuant to Section 5137 of that code.

(D) Vehicles operated by a household goods carrier to transport used office, store, and institution furniture and fixtures under its household goods carrier permit pursuant to Section 5137 of the Public Utilities Code.

(E) Pickup trucks as defined in Section 471, if the conditions in subparagraphs (A) and (B) are also met.

(F) Two-axle daily rental trucks with a gross vehicle weight rating of less than 26,001 pounds, when operated in noncommercial use.

(G) Motortrucks or two-axle truck tractors, with a gross vehicle weight rating of less than 26,001 pounds, operated solely to tow a camp trailer, trailer coach, fifth-wheel travel trailer, trailer designed to transport watercraft, or utility trailer. Vehicle combinations described in this subparagraph are not subject to Section 27900, 34501.12, or 34507.5.

(H) Motortrucks or two-axle truck tractors, with a gross vehicle weight rating of less than 16,001 pounds, operated singly in noncommercial use.

(d) For purposes of this chapter, “private carrier” means a motor carrier of property, who transports only his or her own property, including, but not limited to, the delivery of goods sold by that carrier.

(e) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 14. Section 34601 is added to the Vehicle Code, to read:

34601. (a) As used in this division, “motor carrier of property” means any person who operates any commercial motor vehicle as defined in subdivision (c). “Motor carrier of property” does not include a household goods carrier, as defined in Section 5109 of the Public Utilities Code, a household goods carrier transporting used office, store, and institution furniture and fixtures under its household goods carrier permit pursuant to Section 5137 of the Public Utilities Code, persons providing only transportation of passengers, or a passenger stage corporation transporting baggage and express upon a passenger vehicle incidental to the transportation of passengers.

(b) As used in this division, “for-hire motor carrier of property” means a motor carrier of property as defined in subdivision (a) who transports property for compensation.

(c) (1) As used in this division, except as provided in paragraph (2), a “commercial motor vehicle” means any self-propelled vehicle listed in subdivisions (a), (b), (f), (g), and (k) of Section 34500, any motortruck of two or more axles that is more than 10,000

pounds gross vehicle weight rating, and any other motor vehicle used to transport property for compensation.

(2) As used in this division, “commercial motor vehicle” does not include any of the following:

(A) Vehicles identified in subdivision (f) of Section 34500, if the gross vehicle weight rating of the towing vehicle is 10,000 pounds or less.

(B) Vehicles identified in subdivision (g) of Section 34500, if the hazardous material transportation does not require the display of placards under Section 27903, a license under Section 32000.5, or a hazardous waste transporter registration under Section 25163 of the Health and Safety Code, and the vehicle is not operated in commercial use.

(C) Vehicles operated by a household goods carrier, as defined in Section 5109 of the Public Utilities Code, under the household goods carrier permit pursuant to Section 5137 of that code.

(D) Vehicles operated by a household goods carrier to transport used office, store, and institution furniture and fixtures under its household goods carrier permit pursuant to Section 5137 of the Public Utilities Code.

(E) Pickup trucks as defined in Section 471, if the conditions in subparagraphs (A) and (B) are also met.

(F) Two-axle daily rental trucks with a gross vehicle weight rating of less than 26,001 pounds, when operated in noncommercial use.

(G) Vehicles never operated in commercial use, including motortrucks or two-axle truck tractors, with a gross vehicle weight rating of less than 26,001 pounds, when operated singly, or, when used to tow a camp trailer, trailer coach, fifth-wheel travel trailer, trailer designed to transport watercraft, or a utility trailer, never operated in commercial use. Vehicle combinations described in this subparagraph are not subject to Section 27900, 34501.12, or 34507.5.

(d) For purposes of this chapter, “private carrier” means a motor carrier of property, who transports only his or her own property, including, but not limited to, the delivery of goods sold by that carrier.

(e) This section shall become operative on January 1, 2016.

SEC. 15. Section 34606 of the Vehicle Code is repealed.

SEC. 16. Section 34622 of the Vehicle Code is amended to read:

34622. This chapter does not apply to any of the following:

(a) Vehicles described in Section 5004 or 5011, and those that are exempt from vehicle registration fees.

(b) A household goods carrier transporting used office, store, and institution furniture and fixtures under its household goods carrier permit pursuant to Section 5137 of the Public Utilities Code.

SEC. 17. Section 34623 of the Vehicle Code is amended to read:

34623. (a) The Department of the California Highway Patrol has exclusive jurisdiction for the regulation of safety of operation of motor carriers of property.

(b) The motor carrier permit of a motor carrier of property may be suspended for failure to do any of the following:

(1) Maintain any vehicle of the carrier in a safe operating condition or to comply with this code or with applicable regulations contained in Title 13 of the California Code of Regulations, if that failure is either a consistent failure or presents an imminent danger to public safety.

(2) Enroll all drivers in the pull notice system as required by Section 1808.1.

(3) Submit any application or pay any fee required by subdivision (e) or (h) of Section 34501.12 within the timeframes set forth in that section.

(c) The motor carrier permit of a motor carrier of property shall be suspended for failure to either (1) comply with the requirements of federal law described in subdivision (a) of Section 34520 of the Vehicle Code, or (2) make copies of results and other records available as required by subdivision (b) of that section. The suspension shall be as follows:

(1) For a serious violation, which is a willful failure to perform substance abuse testing in accordance with state or federal law:

(A) For a first offense, a mandatory five-day suspension.

(B) For a second offense within three years of a first offense, a mandatory three-month suspension.

(C) For a third offense within three years of a first offense, a mandatory one-year suspension.

(2) For a nonserious violation, the time recommended to the department by the Department of the California Highway Patrol.

(3) For the purposes of this subdivision, “willful failure” means any of the following:

(A) An intentional and uncorrected failure to have a controlled substances and alcohol testing program in place.

(B) An intentional and uncorrected failure to enroll an employed driver into the controlled substances and alcohol testing program.

(C) A knowing use of a medically disqualified driver, including the failure to remove the driver from safety-sensitive duties upon notification of the medical disqualification.

(D) An attempt to conceal legal deficiencies in the motor carrier’s controlled substances and alcohol testing program.

(d) The department, pending a hearing in the matter pursuant to subdivision (f), may suspend a carrier’s permit.

(e) (1) A motor carrier whose motor carrier permit is suspended pursuant to subdivision (b) may obtain a reinspection of its terminal and vehicles by the Department of the California Highway Patrol by submitting a written request for reinstatement to the department and paying a reinstatement fee as required by Section 34623.5.

(2) A motor carrier whose motor carrier permit is suspended for failure to submit any application or to pay any fee required by Section 34501.12 shall present proof of having submitted that application or have paid that fee to the Department of the California Highway Patrol before applying for reinstatement of its motor carrier permit.

(3) The department shall deposit all reinstatement fees collected from motor carriers of property pursuant to this section in the fund. Upon receipt of the fee, the department shall forward a request to the Department of the California Highway Patrol, which shall perform a reinspection within a reasonable time, or shall verify receipt of the application or fee or both the application and fee. Following the term of a suspension imposed under Section 34670, the department shall reinstate a carrier’s motor carrier permit suspended under subdivision (b) upon notification by the Department of the California Highway Patrol that the carrier’s safety compliance has improved to the satisfaction of the Department of the California Highway Patrol, or that the required application or fees have been received by the Department of the California Highway Patrol, unless the permit is suspended for another reason or has been revoked.

(f) Whenever the department suspends the permit of any carrier pursuant to subdivision (b), (c), or paragraph (3) of subdivision (i), the department shall furnish the carrier with written notice of the suspension and shall provide for a hearing within a reasonable time, not to exceed 21 days, after a written request is filed with the department. At the hearing, the carrier shall show cause why the suspension should not be continued. Following the hearing, the department may terminate the suspension, continue the suspension in effect, or revoke the permit. The department may revoke the permit of any carrier suspended pursuant to subdivision (b) at any time that is 90 days or more after its suspension if the carrier has not filed a written request for a hearing with the department or has failed to submit a request for reinstatement pursuant to subdivision (e).

(g) Notwithstanding any other provision of this code, no hearing shall be provided when the suspension of the motor carrier permit is based solely upon the failure of the motor carrier to maintain satisfactory proof of financial responsibility as required by this code, or failure of the motor carrier to submit an application or to pay fees required by Section 34501.12.

(h) A motor carrier of property may not operate a commercial motor vehicle on any public highway in this state during any period its motor carrier of property permit is suspended pursuant to this division.

(i) (1) A motor carrier of property whose motor carrier permit is suspended pursuant to this section or Section 34505.6, which suspension is based wholly or in part on the failure of the motor carrier to maintain any vehicle in safe operating condition, may not lease, or otherwise allow, another motor carrier to operate the vehicles of the carrier subject to the suspension, during the period of the suspension.

(2) A motor carrier of property may not knowingly lease, operate, dispatch, or otherwise utilize any vehicle from a motor carrier of property whose motor carrier permit is suspended, which suspension is based wholly or in part on the failure of the motor carrier to maintain any vehicle in safe operating condition.

(3) The department may immediately suspend the motor carrier permit of any motor carrier that the department determines to be in violation of paragraph (2).

(j) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 18. Section 34623 is added to the Vehicle Code, to read:

34623. (a) The Department of the California Highway Patrol has exclusive jurisdiction for the regulation of safety of operation of motor carriers of property.

(b) The motor carrier permit of a motor carrier of property may be suspended for failure to do either of the following:

(1) Maintain any vehicle of the carrier in a safe operating condition or to comply with this code or with applicable regulations contained in Title 13 of the California Code of Regulations, if that failure is either a consistent failure or presents an imminent danger to public safety.

(2) Enroll all drivers in the pull-notice system as required by Section 1808.1.

(c) The motor carrier permit of a motor carrier of property shall be suspended for failure to either (1) comply with the requirements of federal law described in subdivision (a) of Section 34520 of the Vehicle Code, or (2) make copies of results and other records available as required by subdivision (b) of that section. The suspension shall be as follows:

(1) For a serious violation, which is a willful failure to perform substance abuse testing in accordance with state or federal law:

(A) For a first offense, a mandatory five-day suspension.

(B) For a second offense within three years of a first offense, a mandatory three-month suspension.

(C) For a third offense within three years of a first offense, a mandatory one-year suspension.

(2) For a nonserious violation, the time recommended to the department by the Department of the California Highway Patrol.

(3) For the purposes of this subdivision, “willful failure” means any of the following:

(A) An intentional and uncorrected failure to have a controlled substances and alcohol testing program in place.

(B) An intentional and uncorrected failure to enroll an employed driver into the controlled substances and alcohol testing program.

(C) A knowing use of a medically disqualified driver, including the failure to remove the driver from safety-sensitive duties upon notification of the medical disqualification.

(D) An attempt to conceal legal deficiencies in the motor carrier's controlled substances and alcohol testing program.

(d) The department, pending a hearing in the matter pursuant to subdivision (f), may suspend a carrier's permit.

(e) (1) A motor carrier whose motor carrier permit is suspended pursuant to subdivision (b) may obtain a reinspection of its terminal and vehicles by the Department of the California Highway Patrol by submitting a written request for reinstatement to the department and paying a reinstatement fee as required by Section 34623.5.

(2) The department shall deposit all reinstatement fees collected from motor carriers of property pursuant to this section in the fund. Upon receipt of the fee, the department shall forward a request to the Department of the California Highway Patrol, which shall perform a reinspection within a reasonable time, or shall verify receipt of the application or fee or both the application and fee. Following the term of a suspension imposed under Section 34670, the department shall reinstate a carrier's motor carrier permit suspended under subdivision (b) upon notification by the Department of the California Highway Patrol that the carrier's safety compliance has improved to the satisfaction of the Department of the California Highway Patrol, unless the permit is suspended for another reason or has been revoked.

(f) Whenever the department suspends the permit of any carrier pursuant to subdivision (b), (c), or paragraph (3) of subdivision (i), the department shall furnish the carrier with written notice of the suspension and shall provide for a hearing within a reasonable time, not to exceed 21 days, after a written request is filed with the department. At the hearing, the carrier shall show cause why the suspension should not be continued. Following the hearing, the department may terminate the suspension, continue the suspension in effect, or revoke the permit. The department may revoke the permit of any carrier suspended pursuant to subdivision (b) at any time that is 90 days or more after its suspension if the carrier has not filed a written request for a hearing with the department or has failed to submit a request for reinstatement pursuant to subdivision (e).

(g) Notwithstanding any other provision of this code, a hearing shall not be provided if the suspension of the motor carrier permit is based solely upon the failure of the motor carrier to maintain

satisfactory proof of financial responsibility as required by this code.

(h) A motor carrier of property may not operate a commercial motor vehicle on any public highway in this state during any period its motor carrier of property permit is suspended pursuant to this division.

(i) (1) A motor carrier of property whose motor carrier permit is suspended pursuant to this section or Section 34505.6, which suspension is based wholly or in part on the failure of the motor carrier to maintain any vehicle in safe operating condition, may not lease, or otherwise allow, another motor carrier to operate the vehicles of the carrier subject to the suspension, during the period of the suspension.

(2) A motor carrier of property may not knowingly lease, operate, dispatch, or otherwise utilize any vehicle from a motor carrier of property whose motor carrier permit is suspended, which suspension is based wholly or in part on the failure of the motor carrier to maintain any vehicle in safe operating condition.

(3) The department may immediately suspend the motor carrier permit of any motor carrier that the department determines to be in violation of paragraph (2).

(j) This section shall become operative on January 1, 2016.

SEC. 19. Section 40000.22 of the Vehicle Code is amended to read:

40000.22. (a) A violation of subdivision (e) of Section 34501, subdivision (f) of Section 34501.12, or subdivision (c) of Section 34501.14, relating to applications for inspections, is a misdemeanor and not an infraction.

(b) A violation of Division 14.85 (commencing with Section 34600), relating to motor carriers of property, is a misdemeanor and not an infraction.

(c) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 20. Section 40000.22 is added to the Vehicle Code, to read:

40000.22. (a) A violation of subdivision (e) of Section 34501, subdivision (b) or (d) of Section 34501.12, or subdivision (c) of Section 34501.14, relating to applications for inspections, is a misdemeanor and not an infraction.

(b) A violation of Division 14.85 (commencing with Section 34600), relating to motor carriers of property, is a misdemeanor and not an infraction.

(c) This section shall become operative on January 1, 2016.

SEC. 21. Section 13.5 of this bill incorporates amendments to Section 34601 of the Vehicle Code proposed by both this bill and Assembly Bill 501. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2014, (2) each bill amends Section 34601 of the Vehicle Code, and (3) this bill is enacted after Assembly Bill 501, in which case Section 13 of this bill shall not become operative.

SEC. 22. 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.

Approved _____, 2013

Governor