

AMENDED IN ASSEMBLY AUGUST 26, 2013

AMENDED IN ASSEMBLY JUNE 4, 2013

AMENDED IN SENATE APRIL 29, 2013

AMENDED IN SENATE APRIL 15, 2013

SENATE BILL

No. 820

Introduced by Committee on Governmental Organization (Senators Wright (Chair), Berryhill, Calderon, Cannella, Correa, De León, Galgiani, Hernandez, Lieu, Nielsen, and Padilla)

March 14, 2013

An act to amend Sections 11003.4, 19821, 19841, 19861, 19864, 19876, 19912, 19951, and 19984 of the Business and Professions Code, to amend Sections 1916.12, 1918.5, and 5405 of the Civil Code, to amend Sections 14024, 14025, 14026, 14027, 14028, 14030.2, 14034, 14036, 14037, 14037.5, 14037.7, 14038, 14039, 14040, 14041, 14043, 14061, 14065, 14066, 14070, 14071, 14071.5, 14072, 14074, 14075, 14076, 14085, 14086, 29503, and 31004 of, and to amend the heading of Article 4 (commencing with Section 14025) of Chapter 1 of Part 5 of Division 3 of Title 1 of, the Corporations Code, to amend Sections 300, 301, 320, 326, 350, 353, 355, 4805.055, 5104, 12003, 14003, 14200.1, 14200.2, 17002, 18002, 22005, 30002, 31055, and 50003 of, and to repeal and add Sections 351 and 371 of, the Financial Code, to amend Sections 8684.2, 11532, 11534, 11538, 11539, 11540, 11541, ~~11542~~, 11544, 11546, 11549, 11549.1, ~~11549.3~~, 12802.8, ~~12856~~, 13995.20, 13995.60, 13995.64.5, 13995.65.5, 13995.92, 13997.7, 14030, 14534.1, 14998.3, 14998.4, 14998.6, 14998.7, ~~15251~~, ~~15277~~, 53108.5, 53113, 53114, ~~53114.1~~, 53114.2, 53115, ~~53115.1~~, 53115.2, 53115.3, 53116, 53119, 53120, ~~53126.5~~, 53661, 63021.5, 65040.12, 91550, and 99055 of, and to amend the heading of Article 5 (commencing with Section 13995.50) of Chapter 1 of Part 4.7 of Division 3 of Title 2 of,

and to add Section 12803.2 to, the Government Code, to amend Sections 71.4, 71.7, 72.6, 76.5, 76.6, 82, and 82.3 of the Harbors and Navigation Code, to amend Sections 40448.6 and 44272 of the Health and Safety Code, to amend Sections 326.3, 326.4, and 326.5 of the Penal Code, to amend Section 25464 of the Public Resources Code, to amend Section 41136 of the Revenue and Taxation Code, and to amend Sections 335, 10200, 10202.5, and 15002 of the Unemployment Insurance Code, relating to state government, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 820, as amended, Committee on Governmental Organization. State government.

(1) Existing law and the Governor's Reorganization Plan No. 2 of 2012 (GRP 2), effective on July 3, 2012, and operative on July 1, 2013, assigns and reorganizes the functions of state government among executive officers and agencies by creating the following general agency structure in the executive branch: Business, Consumer Services, and Housing; Government Operations; Corrections and Rehabilitation; Labor and Workforce Development; California Health and Human Services; Environmental Protection; Natural Resources; and Transportation. In creating the new general agency structure, existing law and the GRP 2, abolished certain existing state entities and offices, including, among others, the Business, Transportation and Housing Agency and its secretary, *and created new ones, including, but not limited to, the Transportation Agency and its secretary.*

This bill would generally enact the statutory changes to make conforming name changes to properly reflect the assignment and reorganization of the functions of state government among the newly established executive entities and officers, including, among others, changing the name Department of Real Estate to Bureau of Real Estate *and the California Emergency Management Agency to the Office of Emergency Services.* This bill would also reallocate certain duties of abolished *and reorganized* executive entities and officers to newly established and existing ones. *This bill would specifically authorize the Governor to appoint up to 4 deputies for the Secretary of Transportation, up to 3 deputies for the Secretary of Government Operations, and up to 3 deputies for the Secretary of Business, Consumer Services, and Housing under certain conditions.*

(2) Existing law and the GRP 2 transfer the duties and authorities of the Department of Boating and Waterways to the Division of Boating and Waterways in the Department of Parks and Recreation and reallocate specified duties between the division and the Boating and Waterways Commission.

This bill would further modify duties between the division and the commission, including, among others, removing requirements for the consent of the commission for the department to make certain transfers, loans, or grants under various programs and other proposals, as specified.

(3) Existing law and the GRP 2 transfer a requirement that the Business, Transportation and Housing Agency establish small business financial development corporations to the Governor's Office of Business and Economic Development.

This bill would make conforming changes with respect to the transfer of this duty and transfer other duties generally related to economic development from the abolished agency to the office, as specified.

(4) Existing law authorizes the State Energy Resources Conservation and Development Commission (Energy Commission) to work with the Business, Transportation and Housing Agency to implement the program funded by federal funds allocated to, and received by, the state for energy-related projects pursuant to the American Recovery and Reinvestment Act of 2009 and other federal acts related to the American Recovery and Reinvestment Act of 2009.

This bill would authorize the Energy Commission to work instead with the Governor's Office of Business and Economic Development.

(5) The California Tourism Marketing Act provides for the establishment of the California Travel and Tourism Commission within the Business, Transportation and Housing Agency.

This bill would remove references to the abolished agency in the act to transfer certain duties to the Governor's Office of Business and Economic Development, ~~and~~ delete obsolete provisions, *and modify an established assessment rate on passenger rental cars, as specified.*

(6) Existing law and the GRP 2 transfer the California Film Commission and the Film California First Program from the Business, Transportation and Housing Agency to the Governor's Office of Business and Economic Development.

This bill would make administrative changes consistent with that transfer.

(7) The GRP 2 reallocates certain licensing and regulatory functions between the California Gambling Control Commission and the Department of Justice related to gaming.

This bill would reallocate additional functions among the commission and the department, including, among others, requiring the department, rather than the commission, to decide whether the payment of the annual gambling license fee is on an annual or installment basis, authorizing the department, rather than the commission, to collect certain fees, and requiring the department, rather than the commission, to administer the Charity Bingo Mitigation Fund.

(8) Existing law and the GRP 2 reallocates certain duties and functions of the Business, Transportation and Housing Agency related to the small business loan guarantee program, the disaster assistance loan program, the economic adjustment assistance grant, the employment training panel, green collar jobs program, and the film industry.

This bill would further reallocate the duties and functions of this abolished agency with regard to these programs and this industry.

(9) Existing law requires common interest developments to submit specified information, including personal identifying information regarding the president of the association, to the Secretary of State, who is required to make the information available for governmental purposes under specified conditions to certain entities, including, among others, the Business, Transportation and Housing Agency.

This bill would replace the abolished agency with the Business, Consumer Services, and Housing Agency.

(10) Existing law authorizes the Secretary of Business, Transportation and Housing to prescribe specified rules and regulations relating to certain mortgage instruments.

This bill would transfer the duties of the abolished officer with the Secretary of Business, Consumer Services, and Housing.

(11) Existing law authorizes the Governor to, with respect to the Business, Transportation and Housing Agency, appoint a Deputy Secretary of Housing to advise that agency's secretary on housing matters.

The bill would modify the Governor's authorization to appoint a Deputy Secretary of Housing Coordination to serve as the Secretary of Transportation's primary advisor on housing matters, as specified.

(12) Existing law provides that, among other things, the powers and duties of the Department of Transportation include investigating and reporting to the Secretary of Business, Transportation and Housing

upon the consistency between housing plans and programs and federal transportation plans and programs.

This bill would instead provide that the Department of Transportation report under these circumstances to the Secretary of Transportation and the Secretary of Business, Consumer Services, and Housing, as specified.

(13) Existing law requires the Director of the Office of Planning and Research to consult with the Secretary of Business, Transportation and Housing, as specified.

This bill would instead require the director to consult with the Secretary of Business, Consumer Services, and Housing under these circumstances, as specified.

(14) The GRP 2 reorganizes the Department of Corporations and the Department of Financial Institutions into divisions under the Department of Business Oversight, within the Business, Consumer Services, and Housing Agency. Under the GRP 2, the executive officer of the Department of Business Oversight is the Commissioner of Business Oversight, and the department's administration includes a Deputy Commissioner of Business Oversight for the Division of ~~Corporations~~, *Corporations* and a Deputy Commissioner of Business Oversight for the Division of Financial Institutions.

This bill would enact statutory changes to implement the above-described organizational structure by transferring the responsibilities of the Department of Corporations and the Department of Financial Institutions to the newly established Department of Business Oversight and its Division of Corporations and Division of Financial Institutions, headed by Senior Deputy Commissioners and the Office of Credit Unions, as specified. This bill would make other conforming changes to the duties and restrictions of the Department of Business Oversight and the Commissioner of Business Oversight to include additional activities relating to the oversight and functions of corporations and financial institutions. The bill would require the ~~Senior Deputy Commissioner of Business Oversight for the Division of Financial Institutions~~ to employ legal counsel to act as the attorney for the commissioner and related services under specified circumstances.

(15) The GRP 2 recasts the California Technology Agency as the Department of Technology within the Government Operations Agency.

This bill would make various technical, nonsubstantive conforming changes to further reflect this reorganization. This bill would also designate that the Office of Technology Services and the Office of

Information Security, each within the Department of Technology, is managed or under the direction of a chief. ~~This bill would also rename the Public Safety Communications Division, also within the department, as the Public Safety Communications Office.~~

(16) This bill would become operative on July 1, 2013, *except as provided.*

(17) 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: no.

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

1 SECTION 1. Section 11003.4 of the Business and Professions
 2 Code is amended to read:
 3 11003.4. (a) A “limited-equity housing cooperative” or a
 4 “workforce housing cooperative trust” is a corporation that meets
 5 the criteria of Section 11003.2 and that also meets the criteria of
 6 Sections 817 and 817.1 of the Civil Code, as applicable. Except
 7 as provided in subdivision (b), a limited-equity housing or
 8 workforce housing cooperative trust shall be subject to all the
 9 requirements of this chapter pertaining to stock cooperatives.
 10 (b) A limited-equity housing cooperative or a workforce housing
 11 cooperative trust shall be exempt from the requirements of this
 12 chapter if the limited-equity housing cooperative or workforce
 13 housing cooperative trust complies with all the following
 14 conditions:
 15 (1) The United States Department of Housing and Urban
 16 Development, the United States Department of Agriculture, the
 17 National Consumers Cooperative Bank, the California Housing
 18 Finance Agency, the Public Employees’ Retirement System
 19 (PERS), the State Teachers’ Retirement System (STRS), the
 20 Department of Housing and Community Development, or the
 21 Federal Home Loan Bank System or any of its member institutions,
 22 alone or in any combination with each other, or with the city,
 23 county, school district, or redevelopment agency in which the
 24 cooperative is located, directly finances or subsidizes at least 50
 25 percent of the total construction or development cost or one
 26 hundred thousand dollars (\$100,000), whichever is less; or the real
 27 property to be occupied by the cooperative was sold or leased by

1 the Department of Transportation, other state agency, a city, a
2 county, or a school district for the development of the cooperative
3 and has a regulatory agreement approved by the Department of
4 Housing and Community Development for the term of the
5 permanent financing, notwithstanding the source of the permanent
6 subsidy or financing.

7 (2) No more than 20 percent of the total development cost of a
8 limited-equity mobilehome park, and no more than 10 percent of
9 the total development cost of other limited-equity housing
10 cooperatives, is provided by purchasers of membership shares.

11 (3) A regulatory agreement that covers the cooperative for a
12 term of at least as long as the duration of the permanent financing
13 or subsidy, notwithstanding the source of the permanent subsidy
14 or financing has been duly executed between the recipient of the
15 financing and either (A) one of the federal or state agencies
16 specified in paragraph (1) or (B) a local public agency that is
17 providing financing for the project under a regulatory agreement
18 meeting standards of the Department of Housing and Community
19 Development. The regulatory agreement shall make provision for
20 at least all of the following:

21 (A) Assurances for completion of the common areas and
22 facilities to be owned or leased by the limited-equity housing
23 cooperative, unless a construction agreement between the same
24 parties contains written assurances for completion.

25 (B) Governing instruments for the organization and operation
26 of the housing cooperative by the members.

27 (C) The ongoing fiscal management of the project by the
28 cooperative, including an adequate budget, reserves, and provisions
29 for maintenance and management.

30 (D) Distribution of a membership information report to any
31 prospective purchaser of a membership share, prior to purchase
32 of that share. The membership information report shall contain
33 full disclosure of the financial obligations and responsibilities of
34 cooperative membership, the resale of shares, the financing of the
35 cooperative including any arrangements made with any partners,
36 membership share accounts, occupancy restrictions, management
37 arrangements, and any other information pertinent to the benefits,
38 risks, and obligations of cooperative ownership.

39 (4) The federal, state, or local public agency that executes the
40 regulatory agreement shall satisfy itself that the bylaws, articles

1 of incorporation, occupancy agreement, subscription agreement,
2 any lease of the regulated premises, any arrangement with partners,
3 and arrangement for membership share accounts provide adequate
4 protection of the rights of cooperative members.

5 (5) The federal or state agency shall receive from the attorney
6 for the recipient of the financing or subsidy a legal opinion that
7 the cooperative meets the requirements of Section 817 of the Civil
8 Code and the exemption provided by this section.

9 (c) Any limited-equity cooperative, or workforce housing
10 cooperative trust that meets the requirements for exemption
11 pursuant to subdivision (b) may elect to be subject to all provisions
12 of this chapter.

13 (d) The developer of the cooperative shall notify the Bureau of
14 Real Estate, on a form provided by the bureau, that an exemption
15 is claimed under this section. The Bureau of Real Estate shall retain
16 this form for at least four years for statistical purposes.

17 SEC. 2. Section 19821 of the Business and Professions Code
18 is amended to read:

19 19821. (a) The commission shall cause to be made and kept
20 a record of all proceedings at regular and special meetings of the
21 commission. These records shall be open to public inspection.

22 (b) The department shall maintain a file of all applications for
23 licenses under this chapter. The commission shall maintain a record
24 of all actions taken with respect to those applications. The file and
25 record shall be open to public inspection.

26 (c) The department and commission may maintain any other
27 files and records as they deem appropriate. Except as provided in
28 this chapter, the records of the department and commission are
29 exempt from disclosure under Chapter 3.5 (commencing with
30 Section 6250) of Division 7 of Title 1 of the Government Code.

31 (d) Except as necessary for the administration of this chapter,
32 no commissioner and no official, employee, or agent of the
33 commission or the department, having obtained access to
34 confidential records or information in the performance of duties
35 pursuant to this chapter, shall knowingly disclose or furnish the
36 records or information, or any part thereof, to any person who is
37 not authorized by law to receive it. A violation of this subdivision
38 is a misdemeanor.

39 (e) Notwithstanding subdivision (k) of Section 1798.24 of the
40 Civil Code, a court shall not compel disclosure of personal

1 information in the possession of the department or the commission
2 to any person in any civil proceeding wherein the department or
3 the commission is not a party, except for good cause and upon a
4 showing that the information cannot otherwise be obtained. This
5 section shall not authorize the disclosure of personal information
6 that is otherwise exempt from disclosure.

7 SEC. 3. Section 19841 of the Business and Professions Code
8 is amended to read:

9 19841. The regulations adopted by the commission shall do
10 all of the following:

11 (a) With respect to applications, registrations, investigations,
12 and fees, the regulations shall include, but not be limited to,
13 provisions that do all of the following:

14 (1) Prescribe the method and manner of application and
15 registration.

16 (2) Prescribe the information to be furnished by any applicant,
17 licensee, or registrant concerning, as appropriate, the person's
18 personal history, habits, character, associates, criminal record,
19 business activities, organizational structure, and financial affairs,
20 past or present.

21 (3) Prescribe the information to be furnished by an owner
22 licensee relating to the licensee's gambling employees.

23 (4) Require fingerprinting or other methods of identification of
24 an applicant, licensee, or employee of a licensee.

25 (5) Prescribe the manner and method of collection and payment
26 of fees and issuance of licenses.

27 (b) Provide for the approval of game rules and equipment by
28 the department to ensure fairness to the public and compliance
29 with state laws.

30 (c) Implement the provisions of this chapter relating to licensing
31 and other approvals.

32 (d) Require owner licensees to report and keep records of
33 transactions, including transactions as determined by the
34 department, involving cash or credit. The regulations may include,
35 without limitation, regulations requiring owner licensees to file
36 with the department reports similar to those required by Sections
37 5313 and 5314 of Title 31 of the United States Code, and by
38 Sections 103.22 and 103.23 of Title 31 of the Code of Federal
39 Regulations, and any successor provisions thereto, from financial
40 institutions, as defined in Section 5312 of Title 31 of the United

1 States Code and Section 103.11 of Title 31 of the Code of Federal
2 Regulations, and any successor provisions.

3 (e) Provide for the receipt of protests and written comments on
4 an application by public agencies, public officials, local governing
5 bodies, or residents of the location of the gambling establishment
6 or future gambling establishment.

7 (f) Provide for the disapproval of advertising by licensed
8 gambling establishments that is determined by the department to
9 be deceptive to the public. Regulations adopted by the commission
10 for advertising by licensed gambling establishments shall be
11 consistent with the advertising regulations adopted by the
12 California Horse Racing Board and the Lottery Commission.
13 Advertisement that appeals to children or adolescents or that offers
14 gambling as a means of becoming wealthy is presumptively
15 deceptive.

16 (g) Govern all of the following:

17 (1) The extension of credit.

18 (2) The cashing, deposit, and redemption of checks or other
19 negotiable instruments.

20 (3) The verification of identification in monetary transactions.

21 (h) Prescribe minimum procedures for adoption by owner
22 licensees to exercise effective control over their internal fiscal and
23 gambling affairs, which shall include, but not be limited to,
24 provisions for all of the following:

25 (1) The safeguarding of assets and revenues, including the
26 recording of cash and evidences of indebtedness.

27 (2) Prescribing the manner in which compensation from games
28 and gross revenue shall be computed and reported by an owner
29 licensee.

30 (3) The provision of reliable records, accounts, and reports of
31 transactions, operations, and events, including reports to the
32 department.

33 (i) Provide for the adoption and use of internal audits, whether
34 by qualified internal auditors or by certified public accountants.
35 As used in this subdivision, “internal audit” means a type of control
36 that operates through the testing and evaluation of other controls
37 and that is also directed toward observing proper compliance with
38 the minimum standards of control prescribed in subdivision (h).

39 (j) Require periodic financial reports from each owner licensee.

- 1 (k) Specify standard forms for reporting financial conditions,
2 results of operations, and other relevant financial information.
- 3 (l) Formulate a uniform code of accounts and accounting
4 classifications to ensure consistency, comparability, and effective
5 disclosure of financial information.
- 6 (m) Prescribe intervals at which the information in subdivisions
7 (j) and (k) shall be furnished to the department.
- 8 (n) Require audits to be conducted, in accordance with generally
9 accepted auditing standards, of the financial statements of all owner
10 licensees whose annual gross revenues equal or exceed a specified
11 sum. However, nothing herein shall be construed to limit the
12 department's authority to require audits of any owner licensee.
13 Audits, compilations, and reviews provided for in this subdivision
14 shall be made by independent certified public accountants licensed
15 to practice in this state.
- 16 (o) Restrict, limit, or otherwise regulate any activity that is
17 related to the conduct of controlled gambling, consistent with the
18 purposes of this chapter.
- 19 (p) Define and limit the area, games, hours of operation, number
20 of tables, wagering limits, and equipment permitted, or the method
21 of operation of games and equipment, if the commission, upon the
22 recommendation of, or in consultation with, the department,
23 determines that local regulation of these subjects is insufficient to
24 protect the health, safety, or welfare of residents in geographical
25 areas proximate to a gambling establishment.
- 26 (q) Prohibit gambling enterprises from cashing checks drawn
27 against any federal, state, or county fund, including, but not limited
28 to, social security, unemployment insurance, disability payments,
29 or public assistance payments. However, a gambling enterprise
30 shall not be prohibited from cashing any payroll checks or checks
31 for the delivery of goods or services that are drawn against a
32 federal, state, or county fund.
- 33 (r) Provide for standards, specifications, and procedures
34 governing the manufacture, distribution, including the sale and
35 leasing, inspection, testing, location, operation, repair, and storage
36 of gambling equipment, and for the licensing of persons engaged
37 in the business of manufacturing, distributing, including the sale
38 and leasing, inspection, testing, repair, and storage of gambling
39 equipment.

1 (s) By December 31, 2011, provide procedures, criteria, and
2 timelines for the processing and approval of applications for the
3 licensing, temporary or interim licensing, or findings of suitability
4 for receivers, trustees, beneficiaries, executors, administrators,
5 conservators, successors in interest, or security interest holders for
6 a gambling enterprise so that gambling enterprises may operate
7 continuously in cases including, but not limited to, the death,
8 insolvency, foreclosure, receivership, or incapacity of a licensee.

9 SEC. 4. Section 19861 of the Business and Professions Code
10 is amended to read:

11 19861. Notwithstanding subdivision (i) of Section 19801, the
12 commission shall not deny a license to a gambling establishment
13 solely because it is not open to the public, provided that all of the
14 following are true: (a) the gambling establishment is situated in a
15 local jurisdiction that has an ordinance allowing only private clubs,
16 and the gambling establishment was in operation as a private club
17 under that ordinance on December 31, 1997, and met all applicable
18 state and local gaming registration requirements; (b) the gambling
19 establishment consists of no more than five gaming tables; (c)
20 video recordings of the entrance to the gambling room or rooms
21 and all tables situated therein are made during all hours of operation
22 by means of closed-circuit television cameras, and these recordings
23 are retained for a period of 30 days and are made available for
24 review by the department upon request; and (d) the gambling
25 establishment is open to members of the private club and their
26 spouses in accordance with membership criteria in effect as of
27 December 31, 1997.

28 A gambling establishment meeting these criteria, in addition to
29 the other requirements of this chapter, may be licensed to operate
30 as a private club gambling establishment until November 30, 2003,
31 or until the ownership or operation of the gambling establishment
32 changes from the ownership or operation as of January 1, 1998,
33 whichever occurs first. Operation of the gambling establishments
34 after this date shall only be permitted if the local jurisdiction
35 approves an ordinance, pursuant to Sections 19961 and 19962,
36 authorizing the operation of gambling establishments that are open
37 to the public. The commission shall adopt regulations implementing
38 this section. Prior to the commission's issuance of a license to a
39 private club, the department shall ensure that the ownership of the
40 gambling establishment has remained constant since January 1,

1 1998, and the operation of the gambling establishment has not
2 been leased to any third party.

3 SEC. 5. Section 19864 of the Business and Professions Code
4 is amended to read:

5 19864. (a) Application for a state license or other commission
6 action shall be submitted to the department on forms furnished by
7 the department.

8 (b) The application for a gambling license shall include all of
9 the following:

10 (1) The name of the proposed licensee.

11 (2) The name and location of the proposed gambling
12 establishment.

13 (3) The gambling games proposed to be conducted.

14 (4) The names of all persons directly or indirectly interested in
15 the business and the nature of the interest.

16 (5) A description of the proposed gambling establishment and
17 operation.

18 (6) Any other information and details the commission may
19 require in order to discharge its duties properly.

20 SEC. 6. Section 19876 of the Business and Professions Code
21 is amended to read:

22 19876. (a) Subject to the power of the commission to deny,
23 revoke, suspend, condition, or limit any license, as provided in
24 this chapter, a license shall be renewed biennially.

25 (b) An application for renewal of a gambling license shall be
26 filed by the owner licensee or key employee with the department
27 no later than 120 calendar days prior to the expiration of the current
28 license. The commission shall act upon any application for renewal
29 prior to the date of expiration of the current license. Upon renewal
30 of any owner license, the commission shall issue an appropriate
31 renewal certificate or validating device or sticker.

32 (c) Notwithstanding the provisions of subdivision (b), if an
33 owner licensee has submitted an application for renewal prior to
34 the original expiration date of the current license and the
35 commission is unable to act on the application prior to the
36 expiration date, the commission may extend the current license
37 for up to 180 days.

38 (d) Unless the commission determines otherwise, renewal of
39 an owner's gambling license shall be deemed to effectuate the
40 renewal of every other gambling license endorsed thereon.

1 (e) In addition to the penalties provided by law, any owner
2 licensee who deals, operates, carries on, conducts, maintains, or
3 exposes for play any gambling game after the expiration date of
4 the gambling license is liable to the state for all license fees and
5 penalties that would have been due upon renewal.

6 (f) If an owner licensee fails to renew the gambling license as
7 provided in this chapter, the commission may order the immediate
8 closure of the premises and a cessation of all gambling activity
9 therein until the license is renewed.

10 (g) If an owner licensee submits an application for renewal of
11 the gambling license after the deadline set in subdivision (b) but
12 before the original expiration date of the license, the commission
13 may assess reasonable delinquency fees not to exceed three times
14 the usual application fee.

15 SEC. 7. Section 19912 of the Business and Professions Code
16 is amended to read:

17 19912. (a) (1) A person shall not be employed as a gambling
18 enterprise employee, or serve as an independent agent, except as
19 provided in paragraph (2), unless he or she is the holder of one of
20 the following:

21 (A) A valid work permit issued in accordance with the applicable
22 ordinance or regulations of the county, city, or city and county in
23 which his or her duties are performed.

24 (B) A work permit issued by the commission pursuant to
25 regulations adopted by the commission for the issuance and
26 renewal of work permits. A work permit issued by the commission
27 shall be valid for two years.

28 (2) An independent agent is not required to hold a work permit
29 if he or she is not a resident of this state and has registered with
30 the department in accordance with regulations.

31 (b) A work permit shall not be issued by any city, county, or
32 city and county to any person who would be disqualified from
33 holding a state gambling license for the reasons specified in
34 subdivisions (a) to (g), inclusive, of Section 19859.

35 (c) The department may object to the issuance of a work permit
36 by a city, county, or city and county for any cause deemed
37 reasonable by the department, and if the department objects to
38 issuance of a work permit, the work permit shall be denied.

1 (1) The commission shall adopt regulations specifying particular
2 grounds for objection to issuance of, or refusal to issue, a work
3 permit.

4 (2) The ordinance of any city, county, or city and county relating
5 to issuance of work permits shall permit the department to object
6 to the issuance of any permit.

7 (3) Any person whose application for a work permit has been
8 denied because of an objection by the department may apply to
9 the commission for an evidentiary hearing in accordance with
10 regulations.

11 (d) Application for a work permit for use in any jurisdiction
12 where a locally issued work permit is not required by the licensing
13 authority of a city, county, or city and county shall be made to the
14 department, and may be granted or denied for any cause deemed
15 reasonable by the commission. If the commission denies the
16 application, it shall include in its notice of denial a statement of
17 facts upon which it relied in denying the application. Upon receipt
18 of an application for a work permit, the commission may issue a
19 temporary work permit for a period not to exceed 120 days,
20 pending completion of the background investigation by the
21 department and official action by the commission with respect to
22 the work permit application.

23 (e) An order of the commission denying an application for, or
24 placing restrictions or conditions on, a work permit, including an
25 order declining to issue a work permit following review pursuant
26 to paragraph (3) of subdivision (c), may be reviewed in accordance
27 with subdivision (e) of Section 19870.

28 SEC. 8. Section 19951 of the Business and Professions Code
29 is amended to read:

30 19951. (a) Every application for a license or approval shall be
31 accompanied by a nonrefundable fee, the amount of which shall
32 be adopted by regulation on or before January 1, 2009. The adopted
33 fee shall not exceed one thousand two hundred dollars (\$1,200).
34 Prior to adoption of the regulation, the nonrefundable application
35 fee shall be five hundred dollars (\$500).

36 (b) (1) Any fee paid pursuant to this section, including all
37 licenses issued to key employees and other persons whose names
38 are endorsed upon the license, shall be assessed against the
39 gambling license issued to the owner of the gambling
40 establishment. This paragraph shall not apply to key employee

1 licenses issued on and after January 1, 2009, or the implementation
2 of regulations establishing a personal key employee license adopted
3 pursuant to Section 19854, whichever is sooner.

4 (2) (A) The fee for initial issuance of a state gambling license
5 shall be an amount determined by the commission in accordance
6 with regulations adopted pursuant to this chapter.

7 (B) The fee for the renewal of a state gambling license shall be
8 determined pursuant to the schedule in subdivision (c) or the
9 schedule in subdivision (d), whichever amount is greater.

10 (C) The holder of a provisional license shall pay an annual fee
11 pursuant to the schedule in subdivision (c).

12 (c) The schedule based on the number of tables is as follows:

13 (1) For a license authorizing one to five tables, inclusive, at
14 which games are played, three hundred dollars (\$300) for each
15 table.

16 (2) For a license authorizing six to eight tables, inclusive, at
17 which games are played, five hundred fifty dollars (\$550) for each
18 table.

19 (3) For a license authorizing 9 to 14 tables, inclusive, at which
20 games are played, one thousand three hundred dollars (\$1,300) for
21 each table.

22 (4) For a license authorizing 15 to 25 tables, inclusive, at which
23 games are played, two thousand seven hundred dollars (\$2,700)
24 for each table.

25 (5) For a license authorizing 26 to 70 tables, inclusive, at which
26 games are played, four thousand dollars (\$4,000) for each table.

27 (6) For a license authorizing 71 or more tables at which games
28 are played, four thousand seven hundred dollars (\$4,700) for each
29 table.

30 (d) Without regard to the number of tables at which games may
31 be played pursuant to a gambling license, if, at any time of any
32 license renewal, or when a licensee is required to pay the fee
33 described in subparagraph (C) of paragraph (2) of subdivision (b)
34 it is determined that the gross revenues of an owner licensee during
35 the licensee’s previous fiscal year fell within the following ranges,
36 the annual fee shall be as follows:

37 (1) For a gross revenue of two hundred thousand dollars
38 (\$200,000) to four hundred ninety-nine thousand nine hundred
39 ninety-nine dollars (\$499,999), inclusive, the amount specified by
40 the department pursuant to paragraph (2) of subdivision (c).

1 (2) For a gross revenue of five hundred thousand dollars
2 (\$500,000) to one million nine hundred ninety-nine thousand nine
3 hundred ninety-nine dollars (\$1,999,999), inclusive, the amount
4 specified by the department pursuant to paragraph (3) of
5 subdivision (c).

6 (3) For a gross revenue of two million dollars (\$2,000,000) to
7 nine million nine hundred ninety-nine thousand nine hundred
8 ninety-nine dollars (\$9,999,999), inclusive, the amount specified
9 by the department pursuant to paragraph (4) of subdivision (c).

10 (4) For a gross revenue of ten million dollars (\$10,000,000) to
11 twenty-nine million nine hundred ninety-nine thousand nine
12 hundred ninety-nine dollars (\$29,999,999), the amount specified
13 by the department pursuant to paragraph (5) of subdivision (c).

14 (5) For a gross revenue of thirty million dollars (\$30,000,000)
15 or more, the amount specified by the department pursuant to
16 paragraph (6) of subdivision (c).

17 (e) The department may provide for payment of the annual
18 gambling license fee on an annual or installment basis.

19 (f) For the purposes of this section, each table at which a game
20 is played constitutes a single game table.

21 (g) It is the intent of the Legislature that the fees paid pursuant
22 to this section are sufficient to enable the department and the
23 commission to fully carry out their duties and responsibilities under
24 this chapter.

25 SEC. 9. Section 19984 of the Business and Professions Code
26 is amended to read:

27 19984. Notwithstanding any other law, a licensed gambling
28 enterprise may contract with a third party for the purpose of
29 providing proposition player services at a gambling establishment,
30 subject to the following conditions:

31 (a) Any agreement, contract, or arrangement between a gambling
32 enterprise and a third-party provider of proposition player services
33 shall be approved in advance by the department, and in no event
34 shall a gambling enterprise or the house have any interest, whether
35 direct or indirect, in funds wagered, lost, or won.

36 (b) The commission shall establish reasonable criteria for, and
37 require the licensure and registration of, any person or entity that
38 provides proposition player services at gambling establishments
39 pursuant to this section, including owners, supervisors, and players.
40 Those employed by a third-party provider of proposition player

1 services, including owners, supervisors, observers, and players,
2 shall wear a badge which clearly identifies them as proposition
3 players whenever they are present within a gambling establishment.
4 The commission may impose licensing requirements, disclosures,
5 approvals, conditions, or limitations as it deems necessary to
6 protect the integrity of controlled gambling in this state, and may
7 assess, and the department may collect, reasonable fees and
8 deposits as necessary to defray the costs of providing this regulation
9 and oversight.

10 (c) The department, pursuant to regulations of the commission,
11 is empowered to perform background checks, financial audits, and
12 other investigatory services as needed to assist the commission in
13 regulating third-party providers of proposition player services, and
14 may assess and collect reasonable fees and deposits as necessary
15 to defray the costs of providing this regulation and oversight. The
16 department may adopt emergency regulations in order to implement
17 this subdivision.

18 (d) No agreement or contract between a licensed gambling
19 enterprise and a third party concerning the provision of proposition
20 player services shall be invalidated or prohibited by the department
21 pursuant to this section until the commission establishes criteria
22 for, and makes determinations regarding the licensure or
23 registration of, the provision of these services pursuant to
24 subdivision (b).

25 SEC. 10. Section 1916.12 of the Civil Code is amended to
26 read:

27 1916.12. (a) The Legislature finds that the economic
28 environment of financial institutions has become increasingly
29 volatile as a result of regulatory revisions enacted by the United
30 States Congress and federal agencies including, but not necessarily
31 limited to, the Comptroller of the Currency, the Federal Home
32 Loan Bank Board, Federal Reserve Board, and the Depository
33 Institutions Deregulation Committee. The Legislature further finds
34 that deposit rate ceilings are being phased out while the cost of
35 and competition for funds have escalated. It is the purpose of this
36 section to maintain the quality of competition between
37 state-licensed and federally regulated financial institutions in the
38 field of mortgage lending, as well as promote the convenience,
39 advantage and best interests of California residents in their pursuit
40 of adequate and available housing. In order to remain competitive

1 and provide the optimum housing environment for the citizens of
2 California, state institutions require the ability to respond in a
3 timely manner to changes in mortgage lending parameters initiated
4 at the federal level. Local regulatory guidelines must promote
5 continued parity between the state and federal levels in order to
6 avoid creation of discriminatory burdens upon state institutions
7 and to protect interests held by California citizens. It is the intent
8 of the Legislature to eliminate past and prevent future inequities
9 between state and federal financial institutions doing business in
10 the State of California by creating a sensitive and responsive
11 mortgage parity procedure.

12 (b) The Secretary of the Business, Consumer Services, and
13 Housing Agency, or the secretary's designee as defined by
14 subdivision (c) of Section 1918.5 of the Civil Code, shall have the
15 authority to prescribe rules and regulations extending to lenders
16 who make loans upon the security of residential real property any
17 right, power, privilege or duty relating to mortgage instruments
18 that is equivalent to authority extended to federally regulated
19 financial institutions by federal statute or regulation.

20 (c) In order to grant equivalent mortgage lending authority to
21 state financial institutions to that which has been extended to
22 federal financial institutions, the secretary or the secretary's
23 designee shall adopt such regulations within 60 days of the
24 effective date of the statute or regulation extending the comparable
25 right, power, ~~privilege~~ *privilege*, or duty to federally regulated
26 financial institutions.

27 (d) The provisions of Sections 1916.5, 1916.6, 1916.7, 1916.8,
28 and 1916.9, and any other provisions of law relating to the
29 requirements for changes in the rate of interest on loans, shall not
30 be applicable to loans made pursuant to the provisions of this
31 section and regulations promulgated thereunder.

32 (e) Any regulations adopted pursuant to this section shall expire
33 on January 1 of the second succeeding year following the end of
34 the calendar year in which the regulation was promulgated.
35 Subsequent amendments to these regulations cannot extend this
36 expiration date.

37 (f) This section shall become operative on December 31, 1983.

38 SEC. 11. Section 1918.5 of the Civil Code is amended to read:
39 1918.5. As used in this chapter:

40 (a) "Evidence of debt" means a note or negotiable instrument.

1 (b) “Secretary” means the Secretary of the Business, Consumer
2 Services, and Housing.

3 (c) “Secretary’s designee” means the director of a department
4 within the agency that licenses or regulates the institutions,
5 ~~organizations~~ *organizations*, or persons engaged in a business
6 related to or affecting compliance with this chapter.

7 (d) “Security document” means a mortgage contract, deed of
8 trust, real estate sales contract, or any note or negotiable instrument
9 issued in connection therewith, when its purpose is to finance the
10 purchase or construction of real property occupied or intended to
11 be occupied by the borrower, containing four or fewer residential
12 units or on which four or fewer residential units are to be
13 constructed.

14 SEC. 12. Section 5405 of the Civil Code is amended to read:

15 5405. (a) To assist with the identification of common interest
16 developments, each association, whether incorporated or
17 unincorporated, shall submit to the Secretary of State, on a form
18 and for a fee not to exceed thirty dollars (\$30) that the Secretary
19 of State shall prescribe, the following information concerning the
20 association and the development that it manages:

21 (1) A statement that the association is formed to manage a
22 common interest development under the Davis-Stirling Common
23 Interest Development Act.

24 (2) The name of the association.

25 (3) The street address of the business or corporate office of the
26 association, if any.

27 (4) The street address of the association’s onsite office, if
28 different from the street address of the business or corporate office,
29 or if there is no onsite office, the street address of the responsible
30 officer or managing agent of the association.

31 (5) The name, address, and either the daytime telephone number
32 or email address of the president of the association, other than the
33 address, telephone number, or email address of the association’s
34 onsite office or managing agent.

35 (6) The name, street address, and daytime telephone number of
36 the association’s managing agent, if any.

37 (7) The county, and, if in an incorporated area, the city in which
38 the development is physically located. If the boundaries of the
39 development are physically located in more than one county, each
40 of the counties in which it is located.

1 (8) If the development is in an unincorporated area, the city
2 closest in proximity to the development.

3 (9) The front street and nearest cross street of the physical
4 location of the development.

5 (10) The type of common interest development managed by the
6 association.

7 (11) The number of separate interests in the development.

8 (b) The association shall submit the information required by
9 this section as follows:

10 (1) By incorporated associations, within 90 days after the filing
11 of its original articles of incorporation, and thereafter at the time
12 the association files its statement of principal business activity
13 with the Secretary of State pursuant to Section 8210 of the
14 Corporations Code.

15 (2) By unincorporated associations, in July 2003, and in that
16 same month biennially thereafter. Upon changing its status to that
17 of a corporation, the association shall comply with the filing
18 deadlines in paragraph (1).

19 (c) The association shall notify the Secretary of State of any
20 change in the street address of the association's onsite office or of
21 the responsible officer or managing agent of the association in the
22 form and for a fee prescribed by the Secretary of State, within 60
23 days of the change.

24 (d) The penalty for an incorporated association's noncompliance
25 with the initial or biennial filing requirements of this section shall
26 be suspension of the association's rights, privileges, and powers
27 as a corporation and monetary penalties, to the same extent and in
28 the same manner as suspension and monetary penalties imposed
29 pursuant to Section 8810 of the Corporations Code.

30 (e) The statement required by this section may be filed,
31 notwithstanding suspension of the corporate powers, rights, and
32 privileges under this section or under provisions of the Revenue
33 and Taxation Code. Upon the filing of a statement under this
34 section by a corporation that has suffered suspension under this
35 section, the Secretary of State shall certify that fact to the Franchise
36 Tax Board and the corporation may thereupon be relieved from
37 suspension, unless the corporation is held in suspension by the
38 Franchise Tax Board by reason of Section 23301, 23301.5, or
39 23775 of the Revenue and Taxation Code.

1 (f) The Secretary of State shall make the information submitted
2 pursuant to paragraph (5) of subdivision (a) available only for
3 governmental purposes and only to Members of the Legislature
4 and the Business, Consumer Services, and Housing Agency, upon
5 written request. All other information submitted pursuant to this
6 section shall be subject to public inspection pursuant to the
7 California Public Records Act (Chapter 3.5 (commencing with
8 Section 6250) of Division 7 of Title 1 of the Government Code).
9 The information submitted pursuant to this section shall be made
10 available for governmental or public inspection.

11 (g) Whenever any form is filed pursuant to this section, it
12 supersedes any previously filed form.

13 (h) The Secretary of State may destroy or otherwise dispose of
14 any form filed pursuant to this section after it has been superseded
15 by the filing of a new form.

16 SEC. 13. Section 14024 of the Corporations Code is amended
17 to read:

18 14024. The manager shall adopt regulations concerning the
19 implementation of this chapter and direct lending as emergency
20 regulations in accordance with Chapter 3.5 (commencing with
21 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
22 Code. The adoption of these regulations is an emergency and
23 necessary for the immediate preservation of the public peace, health
24 and safety, or general welfare within the meaning of subdivision
25 (b) of Section 11346.1 of the Government Code. Notwithstanding
26 subdivision (e) of Section 11346.1 of the Government Code, the
27 regulations shall not remain in effect for more than 180 days unless
28 the Governor's Office of Business and Economic Development
29 complies with all provisions of Chapter 3.5 (commencing with
30 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
31 Code, as required by subdivision (e) of Section 11346.1 of the
32 Government Code. This section also applies to any direct loan
33 program administered by the Governor's Office of Business and
34 Economic Development.

35 SEC. 14. Section 14025 of the Corporations Code is amended
36 to read:

37 14025. The manager shall do all of the following:

38 (a) Administer this part.

1 (b) In accordance with program resources, stimulate the
2 formation of corporations and the use of branch offices for the
3 purposes of making this program accessible to all areas of the state.

4 (c) Expeditiously approve or disapprove the articles of
5 incorporation and any subsequent amendments to the articles of
6 incorporation of a corporation.

7 (d) Require each corporation to submit an annual written plan
8 of operation.

9 (e) Review reports from the Department of Financial Institutions
10 and inform corporations as to what corrective action is required.

11 (f) Examine, or cause to be examined, at any reasonable time,
12 all books, records, and documents of every kind, and the physical
13 properties of a corporation. The inspection shall include the right
14 to make copies, extracts, and search records.

15 SEC. 15. The heading of Article 4 (commencing with Section
16 14025) of Chapter 1 of Part 5 of Division 3 of Title 1 of the
17 Corporations Code is amended to read:

18
19 Article 4. Manager
20

21 SEC. 16. Section 14026 of the Corporations Code is amended
22 to read:

23 14026. The manager may do all of the following:

24 (a) Contract for services entered into pursuant to this chapter.

25 (b) Hold public hearings.

26 (c) Act as liaison between corporations formed under this part,
27 other state and federal agencies, lenders, and the Legislature.

28 (d) Process and tabulate on a monthly basis all corporate reports.

29 (e) Attend board meetings.

30 (f) Attend and participate at corporation meetings. The manager,
31 or his or her designee, shall be an ex officio, nonvoting
32 representative on the board of directors and loan committees of
33 each corporation. The manager shall meet with the board of
34 directors of each corporation at least once each fiscal year.

35 (g) Assist corporations in applying for federal grant applications,
36 and in obtaining program support from the business community.

37 SEC. 17. Section 14027 of the Corporations Code is amended
38 to read:

39 14027. The manager shall have the accounts of each corporation
40 formed under this part audited as of the close of business on June

1 30, of each year. The manager shall also have the portfolio of each
2 corporation audited a minimum of once a year. Material audit
3 exceptions that are not corrected by the corporation within a
4 reasonable period of time may result in the suspension of the
5 corporation pursuant to Section 14028.

6 SEC. 18. Section 14028 of the Corporations Code is amended
7 to read:

8 14028. (a) Upon a finding by the manager that irreparable
9 harm may occur if guarantee authority is not temporarily withdrawn
10 from a corporation, the manager may temporarily withdraw
11 guarantee authority from a corporation. The notice of temporary
12 withdrawal sent to the corporation shall specify the reasons for the
13 action. As used in this section, “guarantee authority” means the
14 authority to make or guarantee any loan that encumbers funds in
15 a trust fund account or the expansion fund. The manager shall
16 make one of the determinations specified in subdivision (c) within
17 30 days of the effective date of the temporary withdrawal unless
18 the corporation and the manager mutually agree to an extension.
19 The corporation shall have the opportunity to submit written
20 material to the manager addressing the items stated in the
21 temporary withdrawal notice. If the manager does not make any
22 determinations within 30 days, the temporary withdrawal shall be
23 negated. The corporation’s yearly contract shall remain in effect
24 during the period of temporary withdrawal, and the corporation
25 shall continue to receive reimbursement of necessary operating
26 expenses.

27 (b) Failure of a corporation to substantially comply with the
28 following may result in the suspension of a corporation:

29 (1) Regulations implementing the Small Business Development
30 Corporation Law.

31 (2) The plan of operation specified in subdivision (d) of Section
32 14025.

33 (3) Fiscal and portfolio requirements, as contained in the fiscal
34 and portfolio audits specified in Section 14027.

35 (4) Milestones and scope of work as contained in the annual
36 contract between the corporation and the office.

37 (c) Pursuant to subdivision (a) or (b), the manager may do the
38 following:

39 (1) Terminate the temporary withdrawal.

1 (2) Terminate the temporary withdrawal subject to the
2 corporation's adoption of a specified remedial action plan.

3 (3) Temporarily withdraw, or continue to withdraw, guarantee
4 authority until a specified time. This determination by the manager
5 requires a finding that the corporation has failed to comply with
6 the Small Business Development Corporation Law.

7 (4) Suspend the corporation.

8 (5) Suspend the corporation, with suspension stayed until the
9 corporation provides a remedial action plan to the manager, and
10 the manager decides whether to repeal or implement the stayed
11 suspension.

12 The determinations contained in paragraphs (4) and (5) require
13 a finding that irreparable harm will occur unless the corporation
14 is suspended.

15 (d) In considering a determination regarding the recommended
16 suspension and possible remedial action plans, the manager shall
17 consider, along with other criteria as specified in subdivision (b),
18 the corporation's history and past performance.

19 (e) Upon suspension of a corporation, the manager shall transfer
20 all funds, whether encumbered or not, in the trust fund account of
21 the suspended corporation into either the expansion fund or
22 temporarily transfer the funds to another corporation.

23 (f) If the manager decides to take any action against the
24 corporation pursuant to paragraphs (2) to (5), inclusive, of
25 subdivision (c), the corporation shall be notified of the action 10
26 days before the effective date of the action. The corporation shall
27 have the right to appeal the manager's decision to the board within
28 that 10-day period by sending notice to the manager and to the
29 chair of the board. Once the manager receives notice that the action
30 is being appealed, the manager's action shall be stayed except for
31 temporary withdrawal of guarantee authority. Upon receipt of the
32 notice, the manager shall schedule a properly noticed board meeting
33 within 30 days. The board may elect to take any of the actions
34 listed in subdivision (g). The temporary withdrawal of corporation
35 guarantee authority shall remain in effect until the board issues its
36 decision.

37 (g) Pursuant to subdivision (f), the board may do any of the
38 following:

39 (1) Terminate the action taken by the ~~director~~ *manager*.

1 (2) Modify the action taken by the manager subject to the
2 adoption by the corporation of a specified remedial action plan.

3 (3) Affirm the action taken by the manager.

4 (h) Following suspension, the corporation may continue its
5 existence as a nonprofit corporation pursuant to the Nonprofit
6 Public Benefit Corporation Law (Part 2 (commencing with Section
7 5110) of Division 2) but shall no longer be registered with the
8 Secretary of State as a small business development corporation.
9 A corporation shall not enjoy any of the benefits of a small business
10 development corporation following suspension.

11 (i) The funds in the trust fund account of a corporation under
12 temporary withdrawal shall be transferred to the expansion fund.
13 Upon termination of the temporary withdrawal, unless the
14 termination is caused by suspension, the funds of the corporation
15 that were transferred to the expansion fund from the trust fund
16 account shall be returned to the corporation's trust fund account,
17 notwithstanding Section 14037. While the funds of a corporation's
18 trust fund account reside in the expansion fund, use of the principal
19 on the funds shall be governed by the implementing regulations
20 specifying use of funds in the expansion fund. Interest on the funds
21 moved from a corporation's trust fund account upon temporary
22 withdrawal shall be limited to payment of the corporation's
23 administrative expenses, as contained in the contract between the
24 corporation and the office.

25 SEC. 19. Section 14030.2 of the Corporations Code is amended
26 to read:

27 14030.2. (a) The manager may establish accounts within the
28 expansion fund for loan guarantees and surety bond guarantees,
29 including loan loss reserves. Each account is a legally separate
30 account, and shall not be used to satisfy loan or surety bond
31 guarantees or other obligations of another corporation. The manager
32 shall recommend whether the expansion fund and trust fund
33 accounts are to be leveraged, and if so, by how much. Upon the
34 request of the corporation, the manager's decision may be repealed
35 or modified by a board resolution.

36 (b) Annually, not later than January 1 of each year commencing
37 January 1, 1996, the manager shall prepare a report regarding the
38 loss experience for the expansion fund for loan guarantees and
39 surety bond guarantees for the preceding fiscal year. At a minimum,
40 the report shall also include data regarding numbers of surety bond

1 and loan guarantees awarded through the expansion fund, including
2 ethnicity and gender data of participating contractors and other
3 entities, and experience of surety insurer participants in the bond
4 guarantee program. The report shall include the information
5 described in Section 14076 of the Corporations Code. The manager
6 shall submit that report to the Governor and the Legislature.

7 SEC. 20. Section 14034 of the Corporations Code is amended
8 to read:

9 14034. (a) The manager at his or her discretion, with the
10 approval of the Director of Finance, may request the trustee to
11 invest those funds in the trust fund in any of the securities described
12 in Section 16430 of the Government Code. Returns from these
13 investments shall be deposited in the expansion fund and shall be
14 used to support the programs of this part.

15 (b) Any investments made in securities described in Section
16 16430 of the Government Code shall be governed by the statement
17 of investment policy prepared by the Treasurer pursuant to
18 subdivision (a) of Section 16481.2 of the Government Code.

19 SEC. 21. Section 14036 of the Corporations Code is amended
20 to read:

21 14036. The expansion fund and trust fund are created solely
22 for the purpose of receiving state, federal, or local government
23 money, and other public or private money to make loans,
24 guarantees, and restricted investments pursuant to this article.
25 Funds in the expansion fund may be allocated by the manager,
26 with the approval of the Department of Finance, to the trust fund
27 accounts.

28 SEC. 22. Section 14037 of the Corporations Code is amended
29 to read:

30 14037. (a) The state shall not be liable or obligated in any way
31 beyond the state money that is allocated and deposited in the trust
32 fund account from state money and that is appropriated for these
33 purposes.

34 (b) The manager may reallocate funds held within a
35 corporation's trust fund account.

36 (1) The manager shall reallocate funds based on which
37 corporation is most effectively using its guarantee funds. If funds
38 are withdrawn from a less effective corporation as part of a
39 reallocation, the office shall make that withdrawal only after giving
40 consideration to that corporation's fiscal solvency, its ability to

1 honor loan guarantee defaults, and its ability to maintain a viable
2 presence within the region it serves. Reallocation of funds shall
3 occur no more frequently than once per fiscal year. Any decision
4 made by the manager pursuant to this subdivision may be appealed
5 to the board. The board has authority to repeal or modify any
6 decision to reallocate funds.

7 (2) The manager may authorize a corporation to exceed the
8 leverage ratio specified in Section 14030, subdivision (b) of Section
9 14070, and subdivision (a) of Section 14076 pending the annual
10 reallocation of funds pursuant to this section. However, no
11 corporation shall be permitted to exceed an outstanding guarantee
12 liability of more than five times its portion of funds on deposit in
13 the expansion fund.

14 SEC. 23. Section 14037.5 of the Corporations Code is amended
15 to read:

16 14037.5. The Director of Finance, with the approval of the
17 Governor, may transfer moneys in the Special Fund for Economic
18 Uncertainties to the Small Business Expansion Fund for use as
19 authorized by the manager, in an amount necessary to make loan
20 guarantees pursuant to Chapter 1 (commencing with Section 14000)
21 of Part 5 of Division 3 of Title 1 of the Corporations Code.

22 SEC. 24. Section 14037.7 of the Corporations Code is amended
23 to read:

24 14037.7. Pursuant to subdivision (f) of Section 8684.2 of the
25 Government Code, within 60 days of the conclusion of the period
26 for guaranteeing loans under any small business disaster loan
27 guarantee program conducted for a disaster as authorized by
28 Section 8684.2 of the Government Code or Section 14075, the
29 manager, through the office, shall provide a report to the
30 Legislature on loan guarantees approved and rejected by gender,
31 ethnic group, type of business and location, and each participating
32 loan institution. The office need only submit one report to comply
33 with this section and subdivision (f) of Section 8684.2 of the
34 Government Code.

35 SEC. 25. Section 14038 of the Corporations Code is amended
36 to read:

37 14038. (a) The funds in the expansion fund shall be paid out
38 to trust fund accounts by the Treasurer on warrants drawn by the
39 Controller and requisitioned by the manager, pursuant to the
40 purposes of this chapter. The manager may transfer funds allocated

1 from the expansion fund to accounts, established solely to receive
2 the funds, in lending institutions designated by the office to act as
3 trustee. The lending institutions so designated shall be approved
4 by the state for the receipt of state deposits. Interest earned on the
5 trust fund accounts in lending institutions may be utilized by the
6 corporations pursuant to the purposes of this chapter.

7 (b) Except as specified in subdivision (c), the manager shall
8 allocate and transfer money to trust fund accounts based on
9 performance-based criteria. The criteria shall include, but not be
10 limited to, the following:

11 (1) The default record of the corporation.

12 (2) The number and amount of loans guaranteed by a
13 corporation.

14 (3) The number and amount of loans made by a corporation if
15 state funds were used to make those loans.

16 (4) The number and amount of surety bonds guaranteed by a
17 corporation.

18 Any decision made by the manager pursuant to this subdivision
19 may be appealed to the board within 15 days of notice of the
20 proposed action. The board may repeal or modify any reallocation
21 and transfer decisions made by the manager.

22 (c) The criteria specified in subdivision (b) shall not apply to a
23 corporation that has been in existence for five years or less. The
24 manager shall develop regulations specifying the basis for
25 transferring account funds to those corporations that have been in
26 existence for five years or less.

27 SEC. 26. Section 14039 of the Corporations Code is amended
28 to read:

29 14039. Pursuant to this section and the regulations, the state
30 has residual interest in the funds deposited by the state to a trust
31 fund account and to the return on these funds from investments.
32 On dissolution or suspension of the corporation, these funds shall
33 be withdrawn by the manager from the trust fund account and
34 returned to the expansion fund or temporarily transferred to another
35 trust fund account. This provision shall be contained in the trust
36 instructions to the trustee.

37 SEC. 27. Section 14040 of the Corporations Code is amended
38 to read:

39 14040. Each trust fund account shall consist of a loan guarantee
40 account, and, upon recommendation by the manager, a bond

1 guarantee account, each of which is a legally separate account,
2 and the assets of one account shall not be used to satisfy loan
3 guarantees or other obligations of another corporation. Not more
4 than one-third of a trust fund account shall be allocated to a bond
5 guarantee account. A corporation shall not use trust fund accounts
6 to secure a corporate indebtedness. State funds deposited in the
7 trust fund accounts, with the exception of guarantees established
8 pursuant to this chapter, shall not be subject to liens or
9 encumbrances of the corporation or its creditors.

10 SEC. 28. Section 14041 of the Corporations Code is amended
11 to read:

12 14041. (a) Except as provided in subdivisions (c) and (d) of
13 Section 14070, the trust fund account, shall be used solely to make
14 loans, guarantee bonds, and guarantee loans, approved by the
15 corporation, that meet the California Small Business Development
16 Corporation Law loan criteria. The state shall not be liable or
17 obligated in any way as a result of the allocation of state money
18 to a trust fund account beyond the state money that is allocated
19 and deposited in the fund pursuant to this chapter, and that is not
20 otherwise withdrawn by the state pursuant to this chapter.

21 (b) A summary of all loans and bonds to which a state guarantee
22 is attached shall be submitted to the manager upon execution of
23 the loan agreement and periodically thereafter.

24 (c) A summary of all loans made by a corporation shall be
25 submitted to the manager upon execution of the loan agreement
26 and periodically thereafter.

27 SEC. 29. Section 14043 of the Corporations Code is amended
28 to read:

29 14043. The financial institution that is to act as trustee of the
30 trust fund shall be designated after review by the manager. The
31 corporation shall not receive money on deposit to support
32 guarantees issued under this chapter without the approval of the
33 manager.

34 SEC. 30. Section 14061 of the Corporations Code is amended
35 to read:

36 14061. Every corporation shall provide for and maintain a
37 central staff to perform all administrative requirements of the
38 corporation including all those functions required of a corporation
39 by the manager.

1 SEC. 31. Section 14065 of the Corporations Code is amended
2 to read:

3 14065. The corporations shall report to the manager, or his or
4 her designated representative, all statistical and other reports
5 required by this part, responses to audit reports, budget
6 requirements, invoices submitted for payment by the state, and
7 information concerning loans made or guaranteed.

8 SEC. 32. Section 14066 of the Corporations Code is amended
9 to read:

10 14066. The corporation shall make a report to the manager, as
11 of the close of business on June 30, of each year describing the
12 corporation's activities and any additional information requested
13 by the manager, on or before August 1 of each year.

14 SEC. 33. Section 14070 of the Corporations Code, as amended
15 by Section 4 of Chapter 648 of the Statutes of 2012, is amended
16 to read:

17 14070. (a) The corporate guarantee shall be backed by funds
18 on deposit in the corporation's trust fund account, or by receivables
19 due from funds loaned from the corporation's trust fund account
20 to another fund in state government as directed by the Department
21 of Finance pursuant to a statute enacted by the Legislature.

22 (b) Loan guarantees shall be secured by a reserve of at least 20
23 percent to be determined by the manager.

24 (c) The expansion fund and trust fund accounts shall be used
25 exclusively to guarantee obligations and pay the administrative
26 costs of the corporations. A corporation located in a rural area may
27 utilize the funds for direct lending to farmers as long as at least 90
28 percent of the corporate fund farm loans, calculated by dollar
29 amount, and all expansion fund farm loans are guaranteed by the
30 United States Department of Agriculture. The amount of funds
31 available for direct farm lending shall be determined by the
32 manager. In its capacity as a direct lender, the corporation may
33 sell in the secondary market the guaranteed portion of each loan
34 so as to raise additional funds for direct lending. The office shall
35 issue regulations governing these direct loans, including the
36 maximum amount of these loans.

37 (d) In furtherance of the purposes of this part, up to one-half of
38 the trust funds may be used to guarantee loans utilized to establish
39 a Business and Industrial Development Corporation (BIDCO)

1 under Division 15 (commencing with Section 33000) of the
2 Financial Code.

3 (e) To execute the direct loan programs established in this
4 chapter, the manager may loan trust funds to a corporation located
5 in a rural area for the express purpose of lending those funds to an
6 identified borrower. The loan authorized by the manager to the
7 corporation shall be on terms similar to the loan between the
8 corporation and the borrower. The amount of the loan may be in
9 excess of the amount of a loan to any individual farm borrower,
10 but actual disbursements pursuant to the office loan agreement
11 shall be required to be supported by a loan agreement between the
12 farm borrower and the corporation in an amount at least equal to
13 the requested disbursement. The loan between the office and the
14 corporation shall be evidenced by a credit agreement. In the event
15 that any loan between the corporation and borrower is not
16 guaranteed by a governmental agency, the portion of the credit
17 agreement attributable to that loan shall be secured by assignment
18 of any note, executed in favor of the corporation by the borrower
19 to the office. The terms and conditions of the credit agreement
20 shall be similar to the loan agreement between the corporation and
21 the borrower, which shall be collateralized by the note between
22 the corporation and the borrower. In the absence of fraud on the
23 part of the corporation, the liability of the corporation to repay the
24 loan to the office is limited to the repayment received by the
25 corporation from the borrower except in a case where the United
26 States Department of Agriculture requires exposure by the
27 corporation in rule or regulation. The corporation may use trust
28 funds for loan repayment to the office if the corporation has
29 exhausted a loan loss reserve created for this purpose. Interest and
30 principal received by the office from the corporation shall be
31 deposited into the same account from which the funds were
32 originally borrowed.

33 (f) Upon the approval of the manager, a corporation shall be
34 authorized to borrow trust funds from the office for the purpose
35 of relending those funds to small businesses. A corporation shall
36 demonstrate to the manager that it has the capacity to administer
37 a direct loan program, and has procedures in place to limit the
38 default rate for loans to startup businesses. Not more than 25
39 percent of any trust fund account shall be used for the direct lending
40 established pursuant to this subdivision. A loan to a corporation

1 shall not exceed the amount of funds likely to be lent to small
2 businesses within three months following the loan to the
3 corporation. The maximum loan amount to a small business is fifty
4 thousand dollars (\$50,000). In the absence of fraud on the part of
5 the corporation, the repayment obligation pursuant to the loan to
6 the corporation shall be limited to the amount of funds received
7 by the corporation for the loan to the small business and any other
8 funds received from the office that are not disbursed. The
9 corporation shall be authorized to charge a fee to the small business
10 borrower, in an amount determined by the manager pursuant to
11 regulation. The program provided for in this subdivision shall be
12 available in all geographic areas of the state.

13 (g) This section shall remain in effect only until January 1, 2018,
14 and as of that date is repealed, unless a later enacted statute, that
15 is enacted before January 1, 2018, deletes or extends that date.

16 SEC. 34. Section 14070 of the Corporations Code, as amended
17 by Section 5 of Chapter 648 of the Statutes of 2012, is amended
18 to read:

19 14070. (a) The corporate guarantee shall be backed by funds
20 on deposit in the corporation's trust fund account, or by receivables
21 due from funds loaned from the corporation's trust fund account
22 to another fund in state government as directed by the Department
23 of Finance pursuant to a statute enacted by the Legislature.

24 (b) Loan guarantees shall be secured by a reserve of at least 25
25 percent to be determined by the manager, unless the manager
26 authorizes a higher leverage ratio for an individual corporation
27 pursuant to subdivision (b) of Section 14037.

28 (c) The expansion fund and trust fund accounts shall be used
29 exclusively to guarantee obligations and pay the administrative
30 costs of the corporations. A corporation located in a rural area may
31 utilize the funds for direct lending to farmers as long as at least 90
32 percent of the corporate fund farm loans, calculated by dollar
33 amount, and all expansion fund farm loans are guaranteed by the
34 United States Department of Agriculture. The amount of funds
35 available for direct farm lending shall be determined by the
36 manager. In its capacity as a direct lender, the corporation may
37 sell in the secondary market the guaranteed portion of each loan
38 so as to raise additional funds for direct lending. The office shall
39 issue regulations governing these direct loans, including the
40 maximum amount of these loans.

1 (d) In furtherance of the purposes of this part, up to one-half of
2 the trust funds may be used to guarantee loans utilized to establish
3 a Business and Industrial Development Corporation (BIDCO)
4 under Division 15 (commencing with Section 33000) of the
5 Financial Code.

6 (e) To execute the direct loan programs established in this
7 chapter, the manager may loan trust funds to a corporation located
8 in a rural area for the express purpose of lending those funds to an
9 identified borrower. The loan authorized by the manager to the
10 corporation shall be on terms similar to the loan between the
11 corporation and the borrower. The amount of the loan may be in
12 excess of the amount of a loan to any individual farm borrower,
13 but actual disbursements pursuant to the office loan agreement
14 shall be required to be supported by a loan agreement between the
15 farm borrower and the corporation in an amount at least equal to
16 the requested disbursement. The loan between the office and the
17 corporation shall be evidenced by a credit agreement. In the event
18 that any loan between the corporation and borrower is not
19 guaranteed by a governmental agency, the portion of the credit
20 agreement attributable to that loan shall be secured by assignment
21 of any note, executed in favor of the corporation by the borrower
22 to the office. The terms and conditions of the credit agreement
23 shall be similar to the loan agreement between the corporation and
24 the borrower, which shall be collateralized by the note between
25 the corporation and the borrower. In the absence of fraud on the
26 part of the corporation, the liability of the corporation to repay the
27 loan to the office is limited to the repayment received by the
28 corporation from the borrower except in a case where the United
29 States Department of Agriculture requires exposure by the
30 corporation in rule or regulation. The corporation may use trust
31 funds for loan repayment to the office if the corporation has
32 exhausted a loan loss reserve created for this purpose. Interest and
33 principal received by the office from the corporation shall be
34 deposited into the same account from which the funds were
35 originally borrowed.

36 (f) Upon the approval of the manager, a corporation shall be
37 authorized to borrow trust funds from the office for the purpose
38 of relending those funds to small businesses. A corporation shall
39 demonstrate to the manager that it has the capacity to administer
40 a direct loan program, and has procedures in place to limit the

1 default rate for loans to startup businesses. Not more than 25
2 percent of any trust fund account shall be used for the direct lending
3 established pursuant to this subdivision. A loan to a corporation
4 shall not exceed the amount of funds likely to be lent to small
5 businesses within three months following the loan to the
6 corporation. The maximum loan amount to a small business is fifty
7 thousand dollars (\$50,000). In the absence of fraud on the part of
8 the corporation, the repayment obligation pursuant to the loan to
9 the corporation shall be limited to the amount of funds received
10 by the corporation for the loan to the small business and any other
11 funds received from the agency that are not disbursed. The
12 corporation shall be authorized to charge a fee to the small business
13 borrower, in an amount determined by the manager pursuant to
14 regulation. The program provided for in this subdivision shall be
15 available in all geographic areas of the state.

16 (g) This section shall become operative on January 1, 2018.

17 SEC. 35. Section 14071 of the Corporations Code is amended
18 to read:

19 14071. In furtherance of the purposes set forth in Section
20 14002, a corporation may do any one or more of the following
21 activities, but only to the extent that the activities are authorized
22 pursuant to the contract between the office and the corporation:
23 guarantee, endorse, or act as surety on the bonds, notes, contracts,
24 or other obligations of, or assist financially, any person, firm,
25 corporation, or association, and may establish and regulate the
26 terms and conditions with respect to any such loans or financial
27 assistance and the charges for interest and service connected
28 therewith, except that the corporation shall not make or guarantee
29 any loan unless and until it determines:

30 (a) There is no probability that the loan or other financial
31 assistance would be granted by a financial company under
32 reasonable terms or conditions, and the borrower has demonstrated
33 a reasonable prospect of repayment of the loan.

34 (b) The loan proceeds shall be used exclusively in this state.

35 (c) The loan qualifies as a small business loan or an employment
36 incentive loan.

37 (d) That the borrower has a minimum equity interest in the
38 business as determined by the manager.

1 (e) As a result of the loan, the jobs generated or retained
2 demonstrate reasonable conformance to the regulations specifying
3 employment criteria.

4 SEC. 36. Section 14071.5 of the Corporations Code is amended
5 to read:

6 14071.5. In addition to the authority granted by Section 14071,
7 upon approval of the manager, a corporation may act as guarantor
8 on a surety bond for any small business contractor, including, but
9 not limited to, women, minority, and disabled veteran contractors.

10 The provisions of this section allowing a corporation to act as a
11 guarantor on surety bonds may be funded through appropriate
12 federal funding sources. Federal funds shall be deposited in the
13 Federal Trust Fund in the State Treasury in accordance with Section
14 16360 of the Government Code, for transfer to the Small Business
15 Expansion Fund, as created by Section 14030 of the Corporations
16 Code.

17 SEC. 37. Section 14072 of the Corporations Code is amended
18 to read:

19 14072. A corporation may charge the borrower or financial
20 institution a loan fee on all loans made or guaranteed by the
21 corporation to defray the operating expenses of the corporation.
22 The amount of the fee shall be determined by the manager.

23 SEC. 38. Section 14074 of the Corporations Code is amended
24 to read:

25 14074. The office shall enter into an agreement with the
26 California Energy Extension Service of the Office of Planning and
27 Research to assist small business owners in reducing their energy
28 costs through low interest loans and by providing assistance and
29 information.

30 SEC. 39. Section 14075 of the Corporations Code is amended
31 to read:

32 14075. (a) A corporation may, in an area affected by a state
33 of emergency within the state and declared a disaster by the
34 President of the United States, or by the Administrator of the
35 United States Small Business Administration, or by the United
36 States Secretary of Agriculture or declared to be in a state of
37 emergency by the Governor, provide loan guarantees from funds
38 allocated in Section 14037.5 to small businesses, small farms,
39 nurseries, and agriculture-related enterprises that have suffered

1 actual physical damage or significant economic injury as a result
2 of the disaster.

3 (b) The office may adopt regulations to implement the loan
4 guarantee program authorized by this section. The office may adopt
5 these regulations as emergency regulations in accordance with
6 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
7 3 of the Government Code, and for purposes of that chapter,
8 including Section 11349.6 of the Government Code, the adoption
9 of the regulations shall be considered by the Office of
10 Administrative Law to be necessary for the immediate preservation
11 of the public peace, health and safety, and general welfare.
12 Notwithstanding subdivision (e) of Section 11346.1 of the
13 Government Code, the regulations shall be repealed within 180
14 days after their effective date unless the agency complies with
15 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
16 3 of the Government Code, as provided in subdivision (e) of
17 Section 11346.1 of the Government Code.

18 (c) Allocations pursuant to subdivision (a) shall be deemed to
19 be for extraordinary emergency or disaster response operations
20 costs incurred by the office.

21 SEC. 40. Section 14076 of the Corporations Code, as amended
22 by Section 6 of Chapter 648 of the Statutes of 2012, is amended
23 to read:

24 14076. (a) It is the intent of the Legislature that the
25 corporations make maximal use of their statutory authority to
26 guarantee loans and surety bonds, including the authority to secure
27 loans with a minimum loan loss reserve of only 20 percent, so that
28 the financing needs of small business may be met as fully as
29 possible within the limits of corporations' loan loss reserves. The
30 office shall report annually to the Legislature on the financial status
31 of the corporations and their portfolio of loans and surety bonds
32 guaranteed.

33 (b) Any corporation that serves an area declared to be in a state
34 of emergency by the Governor or a disaster area by the President
35 of the United States, the Administrator of the United States Small
36 Business Administration, or the United States Secretary of
37 Agriculture shall increase the portfolio of loan guarantees where
38 the dollar amount of the loan is less than one hundred thousand
39 dollars (\$100,000), so that at least 15 percent of the dollar value
40 of loans guaranteed by the corporation is for those loans. The

1 corporation shall comply with this requirement within one year of
2 the date the emergency or disaster is declared. Upon application
3 of a corporation, the manager may waive or modify the rule for
4 the corporation if the corporation demonstrates that it made a good
5 faith effort to comply and failed to locate lending institutions in
6 the region that the corporation serves that are willing to make
7 guaranteed loans in that amount.

8 (c) This section shall remain in effect only until January 1, 2018,
9 and as of that date is repealed, unless a later enacted statute, that
10 is enacted before January 1, 2018, deletes or extends that date.

11 SEC. 41. Section 14076 of the Corporations Code, as amended
12 by Section 7 of Chapter 648 of the Statutes of 2012, is amended
13 to read:

14 14076. (a) It is the intent of the Legislature that the
15 corporations make maximal use of their statutory authority to
16 guarantee loans and surety bonds, including the authority to secure
17 loans with a minimum loan loss reserve of only 25 percent, unless
18 the agency authorizes a higher leverage ratio for an individual
19 corporation pursuant to subdivision (b) of Section 14037, so that
20 the financing needs of small business may be met as fully as
21 possible within the limits of corporations' loan loss reserves. The
22 office shall report annually to the Legislature on the financial status
23 of the corporations and their portfolio of loans and surety bonds
24 guaranteed.

25 (b) Any corporation that serves an area declared to be in a state
26 of emergency by the Governor or a disaster area by the President
27 of the United States, the Administrator of the United States Small
28 Business Administration, or the United States Secretary of
29 Agriculture shall increase the portfolio of loan guarantees where
30 the dollar amount of the loan is less than one hundred thousand
31 dollars (\$100,000), so that at least 15 percent of the dollar value
32 of loans guaranteed by the corporation is for those loans. The
33 corporation shall comply with this requirement within one year of
34 the date the emergency or disaster is declared. Upon application
35 of a corporation, the manager may waive or modify the rule for
36 the corporation if the corporation demonstrates that it made a good
37 faith effort to comply and failed to locate lending institutions in
38 the region that the corporation serves that are willing to make
39 guaranteed loans in that amount.

40 (c) This section shall become operative on January 1, 2018.

1 SEC. 42. Section 14085 of the Corporations Code is amended
2 to read:

3 14085. It shall be unlawful for the manager or any person who
4 is an officer, director, or employee of a corporation, or who is a
5 member of a loan committee, or who is an employee of the office
6 to:

7 (a) Ask for, consent, or agree to receive, any commission,
8 emolument, gratuity, money, property, or thing of value for his or
9 her own use, benefit, or personal advantage, for procuring or
10 endeavoring to procure for any person, partnership, joint venture,
11 association, or corporation, any loan, guarantee, financial, or other
12 assistance from any corporation.

13 (b) Borrow money, property, or to benefit knowingly, directly
14 or indirectly, from the use of the money, credit, or property of any
15 corporation.

16 (c) Make, maintain, or attempt to make or maintain, a deposit
17 of the funds of a corporation with any other corporation or
18 association on condition, or with the understanding, expressed or
19 implied, that the corporation or association receiving the deposit
20 shall pay any money or make a loan or advance, directly or
21 indirectly, to any person, partnership, joint venture, association,
22 or corporation, other than to a corporation formed under this part.

23 SEC. 43. Section 14086 of the Corporations Code is amended
24 to read:

25 14086. It shall be unlawful for the manager or any person who
26 is an officer or director of a corporation, or who is an employee
27 of the office, to purchase or receive, or to be otherwise interested
28 in the purchase or receipt, directly or indirectly, of any asset of a
29 corporation, without paying to the corporation the fair market value
30 of the asset at the time of the transaction.

31 SEC. 44. Section 29503 of the Corporations Code is amended
32 to read:

33 29503. “Commissioner” means the Commissioner of Business
34 Oversight.

35 SEC. 45. Section 31004 of the Corporations Code is amended
36 to read:

37 31004. “Commissioner” means the Commissioner of Business
38 Oversight.

1 SEC. 46. Section 300 of the Financial Code, ~~as amended by~~
2 ~~Section 5 of Chapter 147 of the Statutes of 2012~~, is amended to
3 read:

4 300. (a) In this section:

5 (1) “Business and industrial development corporation” means
6 a corporation licensed under Division 15 (commencing with
7 Section 31000).

8 (2) “Payment instrument” has the same meaning as set forth in
9 Section 33059.

10 (3) “Traveler’s check” has the same meaning as set forth in
11 Section 1803.

12 (b) There is in the state government, in the Business, Consumer
13 Services, and Housing Agency, a Department of Business
14 Oversight, which has charge of the execution of, among other laws,
15 the laws of this state relating to any of the following: (1) banks or
16 trust companies or the banking or trust business; (2) savings
17 associations or the savings association business; (3) credit unions
18 or the credit union business; (4) persons who engage in the business
19 of receiving money for transmission to foreign nations or such
20 business; (5) issuers of traveler’s checks or the traveler’s check
21 business; (6) issuers of payment instruments or the payment
22 instrument business; (7) business and industrial development
23 corporations or the business and industrial development corporation
24 business; (8) insurance premium finance agencies or the insurance
25 premium finance business; (9) persons offering or making any
26 contract constituting bucketing; (10) persons offering or selling
27 off-exchange commodities; (11) deferred deposit originators; (12)
28 finance lenders and brokers; (13) residential mortgage lenders and
29 servicers; (14) capital access companies; (15) check sellers, bill
30 payers, and proraters; (16) securities issuers, broker-dealers, agents,
31 investment advisers, and investment adviser representatives; (17)
32 mortgage loan originators employed or supervised by finance
33 lenders or residential mortgage lenders; (18) escrow agents; (19)
34 ~~franchisors~~, *franchisors*; or (20) persons holding securities as
35 custodians on behalf of securities owners.

36 SEC. 47. Section 301 of the Financial Code is amended to read:

37 301. (a) This chapter is applicable to this division, Division
38 1.1 (commencing with Section 1000), Division 1.2 (commencing
39 with Section 2000), Division 1.6 (commencing with Section 4800),
40 Division 5 (commencing with Section 14000), Division 7

1 (commencing with Section 18000), and Division 15 (commencing
2 with Section 31000).

3 (b) Except as provided in subdivision (c), this article, and
4 Articles 2 (commencing with Section 320) and 3 (commencing
5 with Section 350) are applicable to the administration of laws by
6 the Division of Corporations.

7 (c) Sections 329, 330, 332, 335, 336, 357, 378, 379, and 381
8 are not applicable to the Division of Corporations.

9 SEC. 48. Section 320 of the Financial Code is amended to read:

10 320. (a) The chief officer of the Department of Business
11 Oversight is the Commissioner of Business Oversight. The
12 Commissioner of Business Oversight is the head of the department
13 with the authority and responsibility over all officers, employees,
14 and activities in the department and, except as otherwise provided
15 in this code and the Corporations Code, is subject to the provisions
16 of the Government Code relating to department heads.

17 (b) The Commissioner of Business Oversight shall employ legal
18 counsel to act as the attorney for the commissioner in actions or
19 proceedings brought by or against the commissioner under or
20 pursuant to any law under the ~~commissioner's jurisdiction;~~
21 *jurisdiction of the Division of Corporations*, or in which the
22 commissioner joins or intervenes as to a matter within the
23 ~~commissioner's jurisdiction;~~ *jurisdiction of the Division of*
24 *Corporations*, as a friend of the court or ~~otherwise, and otherwise.~~

25 (c) *The Commissioner of Business Oversight shall employ*
26 *stenographic reporters to take and transcribe the testimony in any*
27 *formal hearing or investigation before the commissioner or before*
28 *a person authorized by the commissioner.*

29 (e)

30 (d) Sections 11040, 11042, and 11043 of the Government Code
31 do not apply to the ~~Commissioner of Business Oversight.~~ *Division*
32 *of Corporations.*

33 SEC. 49. Section 326 of the Financial Code is amended to read:

34 326. The Commissioner of Business Oversight is responsible
35 for the performance of all duties, the exercise of all powers and
36 jurisdiction, and the assumption and discharge of all responsibilities
37 vested by law in the department and the divisions thereunder. The
38 commissioner has and may exercise all the powers necessary or
39 convenient for the administration and enforcement of, among other
40 laws, the laws described in Section 300. The commissioner may

1 issue rules and regulations consistent with law as he or she may
2 deem necessary or advisable in executing the powers, duties, and
3 responsibilities of the department.

4 SEC. 50. Section 350 of the Financial Code is amended to read:

5 350. The chief deputy shall be appointed by the Governor and
6 hold office at the pleasure of the Governor. The annual salary of
7 the chief deputy shall be fixed by the Governor.

8 SEC. 51. Section 351 of the Financial Code is repealed.

9 SEC. 52. Section 351 is added to the Financial Code, to read:

10 351. (a) The chief officer of the Division of Corporations is
11 the Senior Deputy Commissioner of Business Oversight for the
12 Division of Corporations. The Senior Deputy Commissioner of
13 Business Oversight for the Division of Corporations shall, under
14 the direction of the commissioner, administer the laws of this state
15 that were, prior to July 1, 2013, under the charge of the Department
16 of Corporations. The Senior Deputy Commissioner of Business
17 Oversight for the Division of Corporations shall be appointed by
18 the Governor, subject to Senate confirmation, and shall hold office
19 at the pleasure of the Governor. The Senior Deputy Commissioner
20 of Business Oversight for the Division of Corporations shall receive
21 an annual salary as fixed by the Governor.

22 (b) The chief officer of the Division of Financial Institutions is
23 the Senior Deputy Commissioner of Business Oversight for the
24 Division of Financial Institutions. The Senior Deputy
25 Commissioner of Business Oversight for the Division of Financial
26 Institutions shall, under the direction of the commissioner,
27 administer the laws of this state that were, prior to July 1, 2013,
28 under the charge of the Department of Financial Institutions. The
29 Senior Deputy Commissioner of Business Oversight for the
30 Division of Financial Institutions shall be appointed by the
31 Governor, subject to Senate confirmation, and shall hold office at
32 the pleasure of the Governor. The Senior Deputy Commissioner
33 of Business Oversight for the Division of Financial Institutions
34 shall receive an annual salary as fixed by the Governor.

35 SEC. 53. Section 353 of the Financial Code is amended to read:

36 353. Before entering upon the duties of his *or her* office each
37 deputy and examiner shall take and subscribe to the constitutional
38 oath of office.

39 SEC. 54. Section 355 of the Financial Code is amended to read:

1 355. The Commissioner of Business Oversight, the Senior
2 Deputy Commissioner of the Division of Financial Institutions,
3 or any deputy or employee of the Division of Financial Institutions
4 shall not do or be any of the following with respect to any bank,
5 savings association, credit union, or industrial loan company
6 supervised by the department:

7 (a) Be indebted, directly or indirectly, as borrower, endorser,
8 surety, or guarantor to any such bank, savings association, credit
9 union, or industrial loan company.

10 (b) Be an officer, director, or employee of any such bank,
11 savings association, credit union, or industrial loan company.

12 (c) Own or deal in directly or indirectly, the shares or obligations
13 of any such bank, savings association, credit union, or industrial
14 loan company.

15 (d) Be interested in or, directly or indirectly, receive from any
16 such bank, savings association, credit union, or industrial loan
17 company or any officer, director, or employee thereof, any salary,
18 fee, compensation, or other valuable thing by way of gift, credit,
19 compensation for services, or otherwise. However, this subdivision
20 does not prohibit any person from being interested in or directly
21 or indirectly receiving (1) anything which is expressly excluded
22 from a definition of “gift” or “honorarium” in the Political Reform
23 Act of 1974 (Title 9 (commencing with Section 81000) of the
24 Government Code) or in regulations issued under the Political
25 Reform Act of 1974 by the Fair Political Practices Commission
26 or (2) anything which, if received by the commissioner, would
27 constitute a gift or honorarium within the meaning of the Political
28 Reform Act of 1974 or regulations issued under the Political
29 Reform Act of 1974 by the Fair Political Practices Commission
30 but which the commissioner would not be prohibited from
31 receiving under the Political Reform Act of 1974 or regulations
32 issued under the Political Reform Act of 1974 by the Fair Political
33 Practices Commission.

34 (e) Be interested in or engage in the negotiation of any loan to,
35 obligation of, or accommodation for another person to or with any
36 such bank, savings association, credit union, or industrial loan
37 company.

38 Notwithstanding the foregoing the commissioner and any deputy
39 or employee may have and maintain one or more deposit or similar
40 accounts in any bank, savings association, credit union, or industrial

1 loan company in this state and may maintain with any bank, savings
2 association, credit union, or industrial loan company in this state
3 a loan which was not obtained in violation of this section if the
4 person reports the loan in writing to the department within 30 days
5 after the person commences his or her term of appointment or
6 employment with the department and if the loan is not renewed,
7 renegotiated, extended, or otherwise modified on or after July 1,
8 1997.

9 A violation of this section by any person shall constitute
10 sufficient grounds for his or her removal or discharge.

11 SEC. 55. Section 371 of the Financial Code is repealed.

12 SEC. 56. Section 371 is added to the Financial Code, to read:

13 371. (a) There is in the Department of Business Oversight, the
14 Division of Corporations, under the direction of the Senior Deputy
15 Commissioner of Business Oversight for the Division of
16 Corporations. The senior deputy commissioner has charge of the
17 execution of the laws of the state that were, prior to July 1, 2013,
18 under the charge of the Department of Corporations.

19 (b) There is in the Department of Business Oversight, the Senior
20 Deputy Commissioner of the Department of Business Oversight
21 for the Division of Financial Institutions. Under the direction of
22 the senior deputy commissioner, the Division of Financial
23 Institutions has charge of the execution of the laws of the state that
24 were, prior to July 1, 2013, under the charge of the Department of
25 Financial Institutions.

26 SEC. 57. Section 4805.055 of the Financial Code is amended
27 to read:

28 4805.055. “Commissioner” means the Commissioner of
29 Business Oversight.

30 SEC. 58. Section 5104 of the Financial Code is amended to
31 read:

32 5104. “Commissioner” means the Commissioner of Business
33 Oversight.

34 SEC. 59. Section 12003 of the Financial Code is amended to
35 read:

36 12003. “Commissioner” means the Commissioner of Business
37 Oversight, or any deputy, investigator, auditor, or any other person
38 employed by him or her.

39 SEC. 60. Section 14003 of the Financial Code is amended to
40 read:

1 14003. “Commissioner” means the Commissioner of Business
2 Oversight.

3 SEC. 61. Section 14200.1 of the Financial Code is amended
4 to read:

5 14200.1. There is in the Division of Financial Institutions of
6 the Department of Business Oversight the Office of Credit Unions.
7 The Office of Credit Unions has charge of the execution of the
8 laws of this state relating to credit unions or to the credit union
9 business.

10 SEC. 62. Section 14200.2 of the Financial Code is amended
11 to read:

12 14200.2. The chief officer of the Office of Credit Unions is
13 the Deputy Commissioner of the Office of Credit Unions. The
14 Deputy Commissioner of the Office of Credit Unions, under the
15 direction and on behalf of the Senior Deputy Commissioner ~~for~~ of
16 Business Oversight for the Division of Financial Institutions, shall
17 administer the laws of this state relating to credit unions or the
18 credit union business. The Deputy Commissioner of the Office of
19 Credit Unions shall be appointed by the Governor and shall hold
20 office at the pleasure of the Governor. The Deputy Commissioner
21 of the Office of Credit Unions shall receive an annual salary as
22 fixed by the Governor.

23 SEC. 63. Section 17002 of the Financial Code is amended to
24 read:

25 17002. “Commissioner” means the Commissioner of Business
26 Oversight.

27 SEC. 64. Section 18002 of the Financial Code is amended to
28 read:

29 18002. “Commissioner” means the Commissioner of Business
30 Oversight.

31 SEC. 65. Section 22005 of the Financial Code is amended to
32 read:

33 22005. “Commissioner” means the Commissioner of Business
34 Oversight.

35 SEC. 66. Section 30002 of the Financial Code is amended to
36 read:

37 30002. “Commissioner” means the Commissioner of Business
38 Oversight.

39 SEC. 67. Section 31055 of the Financial Code is amended to
40 read:

1 31055. “Commissioner” means the Commissioner of Business
2 Oversight, or other person to whom the commissioner delegates
3 the authority to act for him or her in the particular matter.

4 SEC. 68. Section 50003 of the Financial Code is amended to
5 read:

6 50003. (a) “Annual audit” means a certified audit of the
7 licensee’s books, records, and systems of internal control performed
8 by an independent certified public accountant in accordance with
9 generally accepted accounting principles and generally accepted
10 auditing standards.

11 (b) “Borrower” means the loan applicant.

12 (c) “Buy” includes exchange, offer to buy, or solicitation to
13 buy.

14 (d) “Commissioner” means the Commissioner of Business
15 Oversight.

16 (e) “Control” means the possession, directly or indirectly, of
17 the power to direct, or cause the direction of, the management and
18 policies of a licensee under this division, whether through voting
19 or through the ownership of voting power of an entity that
20 possesses voting power of the licensee, or otherwise. Control is
21 presumed to exist if a person, directly or indirectly, owns, controls,
22 or holds 10 percent or more of the voting power of a licensee or
23 of an entity that owns, controls, or holds, with power to vote, 10
24 percent or more of the voting power of a licensee. No person shall
25 be deemed to control a licensee solely by reason of his or her status
26 as an officer or director of the licensee.

27 (f) “Depository institution” has the same meaning as in Section
28 3 of the Federal Deposit Insurance Act, and includes any credit
29 union.

30 (g) “Engage in the business” means the dissemination to the
31 public, or any part of the public, by means of written, printed, or
32 electronic communication or any communication by means of
33 recorded telephone messages or spoken on radio, television, or
34 similar communications media, of any information relating to the
35 making of residential mortgage loans, the servicing of residential
36 mortgage loans, or both. “Engage in the business” also means,
37 without limitation, making residential mortgage loans or servicing
38 residential mortgage loans, or both.

39 (h) “Federal banking agencies” means the Board of Governors
40 of the Federal Reserve System, the Comptroller of the Currency,

1 the National Credit Union Administration, and the Federal Deposit
2 Insurance Corporation.

3 (i) “In this state” includes any activity of a person relating to
4 making or servicing a residential mortgage loan that originates
5 from this state and is directed to persons outside this state, or that
6 originates from outside this state and is directed to persons inside
7 this state, or that originates inside this state and is directed to
8 persons inside this state, or that leads to the formation of a contract
9 and the offer or acceptance thereof is directed to a person in this
10 state (whether from inside or outside this state and whether the
11 offer was made inside or outside the state).

12 (j) “Institutional investor” means the following:

13 (1) The United States or any state, district, territory, or
14 commonwealth thereof, or any city, county, city and county, public
15 district, public authority, public corporation, public entity, or
16 political subdivision of a state, district, territory, or commonwealth
17 of the United States, or any agency or other instrumentality of any
18 one or more of the foregoing, including, by way of example, the
19 Federal National Mortgage Association and the Federal Home
20 Loan Mortgage Corporation.

21 (2) Any bank, trust company, savings bank or savings and loan
22 association, credit union, industrial bank or industrial loan
23 company, personal property broker, consumer finance lender,
24 commercial finance lender, or insurance company, or subsidiary
25 or affiliate of one of the preceding entities, doing business under
26 the authority of or in accordance with a license, certificate, or
27 charter issued by the United States or any state, district, territory,
28 or commonwealth of the United States.

29 (3) Trustees of pension, profit-sharing, or welfare funds, if the
30 pension, profit-sharing, or welfare fund has a net worth of not less
31 than fifteen million dollars (\$15,000,000), except pension,
32 profit-sharing, or welfare funds of a licensee or its affiliate,
33 self-employed individual retirement plans, or individual retirement
34 accounts.

35 (4) A corporation or other entity with outstanding securities
36 registered under Section 12 of the federal Securities Exchange Act
37 of 1934 or a wholly owned subsidiary of that corporation or entity,
38 provided that the purchaser represents either of the following:

1 (A) That it is purchasing for its own account for investment and
2 not with a view to, or for sale in connection with, any distribution
3 of a promissory note.

4 (B) That it is purchasing for resale pursuant to an exemption
5 under Rule 144A (17 C.F.R. 230.144A) of the Securities and
6 Exchange Commission.

7 (5) An investment company registered under the Investment
8 Company Act of 1940; or a wholly owned and controlled subsidiary
9 of that company, provided that the purchaser makes either of the
10 representations provided in paragraph (4).

11 (6) A residential mortgage lender or servicer licensed to make
12 residential mortgage loans under this law or an affiliate or
13 subsidiary of that person.

14 (7) Any person who is licensed as a securities broker or
15 securities dealer under any law of this state, or of the United States,
16 or any employee, officer, or agent of that person, if that person is
17 acting within the scope of authority granted by that license or an
18 affiliate or subsidiary controlled by that broker or dealer, in
19 connection with a transaction involving the offer, sale, purchase,
20 or exchange of one or more promissory notes secured directly or
21 indirectly by liens on real property or a security representing an
22 ownership interest in a pool of promissory notes secured directly
23 or indirectly by liens on real property, and the offer and sale of
24 those securities is qualified under the California Corporate
25 Securities Law of 1968 or registered under federal securities laws,
26 or exempt from qualification or registration.

27 (8) A licensed real estate broker selling the loan to an
28 institutional investor specified in paragraphs (1) to (7), inclusive,
29 or paragraph (9) or (10).

30 (9) A business development company as defined in Section
31 2(a)(48) of the Investment Company Act of 1940 or a Small
32 Business Investment Company licensed by the United States Small
33 Business Administration under Section 301(c) or (d) of the Small
34 Business Investment Act of 1958.

35 (10) A syndication or other combination of any of the foregoing
36 entities that is organized to purchase a promissory note.

37 (11) A trust or other business entity established by an
38 institutional investor for the purpose of issuing or facilitating the
39 issuance of securities representing undivided interests in, or rights
40 to receive payments from or to receive payments primarily from,

- 1 a pool of financial assets held by the trust or business entity,
2 provided that all of the following apply:
- 3 (A) The business entity is not a sole proprietorship.
 - 4 (B) The pool of assets consists of one or more of the following:
 - 5 (i) Interest-bearing obligations.
 - 6 (ii) Other contractual obligations representing the right to receive
7 payments from the assets.
 - 8 (iii) Surety bonds, insurance policies, letters of credit, or other
9 instruments providing credit enhancement for the assets.
 - 10 (C) The securities will be either one of the following:
 - 11 (i) Rated as “investment grade” by Standard and Poor’s
12 Corporation or Moody’s Investors Service, Inc. “Investment grade”
13 means that the securities will be rated by Standard and Poor’s
14 Corporation as AAA, AA, A, or BBB or by Moody’s Investors
15 Service, Inc. as Aaa, Aa, A, or Baa, including any of those ratings
16 with “+” or “—” designation or other variations that occur within
17 those ratings.
 - 18 (ii) Sold to an institutional investor.
 - 19 (D) The offer and sale of the securities is qualified under the
20 California Corporate Securities Law of 1968 or registered under
21 federal securities laws, or exempt from qualification or registration.
 - 22 (k) “Institutional lender” means the following:
 - 23 (1) The United States or any state, district, territory, or
24 commonwealth thereof, or any city, county, city and county, public
25 district, public authority, public corporation, public entity, or
26 political subdivision of a state, district, territory, or commonwealth
27 of the United States, or any agency or other instrumentality of any
28 one or more of the foregoing, including, by way of example, the
29 Federal National Mortgage Association and the Federal Home
30 Loan Mortgage Corporation.
 - 31 (2) Any bank, trust company, savings bank or savings and loan
32 association, credit union, industrial loan company, or insurance
33 company, or service or investment company that is wholly owned
34 and controlled by one of the preceding entities, doing business
35 under the authority of and in accordance with a license, certificate,
36 or charter issued by the United States or any state, district, territory,
37 or commonwealth of the United States.
 - 38 (3) Any corporation with outstanding securities registered under
39 Section 12 of the Securities Exchange Act of 1934 or any wholly
40 owned subsidiary of that corporation.

1 (4) A residential mortgage lender or servicer licensed to make
2 residential mortgage loans under this law.

3 (l) “Law” means the California Residential Mortgage Lending
4 Act.

5 (m) “Lender” means a person that (1) is an approved lender for
6 the Federal Housing Administration, Veterans Administration,
7 Farmers Home Administration, Government National Mortgage
8 Association, Federal National Mortgage Association, or Federal
9 Home Loan Mortgage Corporation, (2) directly makes residential
10 mortgage loans, and (3) makes the credit decision in the loan
11 transactions.

12 (n) “Licensee” means, depending on the context, a person
13 licensed under Chapter 2 (commencing with Section 50120),
14 Chapter 3 (commencing with Section 50130), or Chapter 3.5
15 (commencing with Section 50140).

16 (o) “Makes or making residential mortgage loans” or “mortgage
17 lending” means processing, underwriting, or as a lender using or
18 advancing one’s own funds, or making a commitment to advance
19 one’s own funds, to a loan applicant for a residential mortgage
20 loan.

21 (p) “Mortgage loan,” “residential mortgage loan,” or “home
22 mortgage loan” means a federally related mortgage loan as defined
23 in Section 3500.2 of Title 24 of the Code of Federal Regulations,
24 or a loan made to finance construction of a one-to-four family
25 dwelling.

26 (q) “Mortgage servicer” or “residential mortgage loan servicer”
27 means a person that (1) is an approved servicer for the Federal
28 Housing Administration, Veterans Administration, Farmers Home
29 Administration, Government National Mortgage Association,
30 Federal National Mortgage Association, or Federal Home Loan
31 Mortgage Corporation, and (2) directly services or offers to service
32 mortgage loans.

33 (r) “Nationwide Mortgage Licensing System and Registry”
34 means a mortgage licensing system developed and maintained by
35 the Conference of State Bank Supervisors and the American
36 Association of Residential Mortgage Regulators for the licensing
37 and registration of licensed mortgage loan originators.

38 (s) “Net worth” has the meaning set forth in Section 50201.

39 (t) “Own funds” means (1) cash, corporate capital, or warehouse
40 credit lines at commercial banks, savings banks, savings and loan

1 associations, industrial loan companies, or other sources that are
2 liability items on a lender’s financial statements, whether secured
3 or unsecured, or (2) a lender’s affiliate’s cash, corporate capital,
4 or warehouse credit lines at commercial banks or other sources
5 that are liability items on the affiliate’s financial statements,
6 whether secured or unsecured. “Own funds” does not include funds
7 provided by a third party to fund a loan on condition that the third
8 party will subsequently purchase or accept an assignment of that
9 loan.

10 (u) “Person” means a natural person, a sole proprietorship, a
11 corporation, a partnership, a limited liability company, an
12 association, a trust, a joint venture, an unincorporated organization,
13 a joint stock company, a government or a political subdivision of
14 a government, and any other entity.

15 (v) “Residential real property” or “residential real estate” means
16 real property located in this state that is improved by a one-to-four
17 family dwelling.

18 (w) “SAFE Act” means the federal Secure and Fair Enforcement
19 for Mortgage Licensing Act of 2008 (Public Law 110-289).

20 (x) “Service” or “servicing” means receiving more than three
21 installment payments of principal, interest, or other amounts placed
22 in escrow, pursuant to the terms of a mortgage loan and performing
23 services by a licensee relating to that receipt or the enforcement
24 of its receipt, on behalf of the holder of the note evidencing that
25 loan.

26 (y) “Sell” includes exchange, offer to sell, or solicitation to sell.

27 (z) “Unique identifier” means a number or other identifier
28 assigned by protocols established by the Nationwide Mortgage
29 Licensing System and Registry.

30 (aa) For purposes of Sections 50142, 50143, and 50145,
31 “nontraditional mortgage product” means any mortgage product
32 other than a 30-year fixed rate mortgage.

33 (ab) For purposes of Section 50141, “expungement” means the
34 subsequent order under the provisions of Section 1203.4 of the
35 Penal Code allowing such individual to withdraw his or her plea
36 of guilty and to enter a plea of not guilty, or setting aside the verdict
37 of guilty or dismissing the accusation, information, or indictment.
38 With respect to criminal convictions in another state, that state’s
39 definition of expungement will apply.

1 SEC. 69. Section 8684.2 of the Government Code is amended
2 to read:

3 8684.2. (a) It is the intent of the Legislature:

4 (1) To provide the Governor with appropriate emergency powers
5 in order to enable utilization of available emergency funding to
6 provide guarantees for interim loans to be made by lending
7 institutions, in connection with relief provided for those persons
8 affected by disasters or a state of emergency in affected areas
9 during periods of disaster relief assistance, for the purpose of
10 supplying interim financing to enable small businesses to continue
11 operations pending receipt of federal disaster assistance.

12 (2) That the Governor should utilize this authority to prevent
13 business insolvencies and loss of employment in areas affected by
14 these disasters.

15 (b) In addition to the allocations authorized by Section 8683
16 and the loan guarantee provisions of Section 14030.1 of the
17 Corporations Code, the Governor may allocate funds made
18 available for the purposes of this chapter, in connection with relief
19 provided, in affected areas during the period of federal disaster
20 relief, to the Small Business Expansion Fund for use by the
21 Governor’s Office of Business and Economic Development,
22 pursuant to Chapter 1 (commencing with Section 14000) of Part
23 5 of Division 3 of Title 1 of the Corporations Code, to provide
24 guarantees for low-interest interim loans to be made by lending
25 institutions for the purpose of providing interim financing to enable
26 small businesses that have suffered actual physical damage or
27 significant economic losses, as a result of the disaster or state of
28 emergency for which funding under this section is made available,
29 to continue or resume operations pending receipt of loans made
30 or guaranteed by the federal Small Business Administration. The
31 maximum amount of any loan guarantee funded under this
32 paragraph shall not exceed two hundred thousand dollars
33 (\$200,000). Each loan guarantee shall not exceed 95 percent of
34 the loan amount, except that a loan guarantee may be for 100
35 percent of the loan amount if the applicant can demonstrate that
36 access to business records pertinent to the loan application has
37 been precluded by official action prohibiting necessary reentry
38 into the affected business premises or that those business records
39 pertinent to the loan application have been destroyed. The term of
40 the loan shall be determined by the lending institution providing

1 the loan or shall be made payable on the date the proceeds of a
2 loan made or guaranteed by the federal Small Business
3 Administration with respect to the same damage or loss are made
4 available to the borrower, whichever event first occurs.

5 (c) Loan guarantees for which the initial 12-month term has
6 expired and for which an application for disaster assistance funding
7 from the federal Small Business Administration is still pending
8 may be extended until the Small Business Administration has
9 reached a final decision on the application. Applications for interim
10 loans shall be processed in an expeditious manner. Wherever
11 possible, lending institutions shall fund nonconstruction loans
12 within 60 calendar days of application. Loan guarantees for loans
13 that have been denied funding by the federal Small Business
14 Administration, may be extended by the financial institution
15 provided that the loan is for no longer than a maximum of seven
16 years, if the business demonstrates the ability to repay the loan
17 with an extended loan term, and a new credit analysis is provided.
18 All loans extended under this provision shall be repaid in
19 installments of principal and interest, and be fully amortized over
20 the term of the loan. This section shall not preclude the lender from
21 charging reasonable administrative fees in connection with the
22 loan.

23 (d) Allocations pursuant to this section shall, for purposes of
24 all provisions of law, be deemed to be for extraordinary emergency
25 or disaster response operation costs, as provided in Section 8690.6,
26 incurred by state employees assigned to work on the financial
27 development corporation program.

28 (e) The Governor's Office of Business and Economic
29 Development may adopt regulations to implement the loan
30 guarantee program authorized by this section. The Governor's
31 Office of Business and Economic Development may adopt these
32 regulations as emergency regulations in accordance with Chapter
33 3.5 (commencing with Section 11340) of Part 1 of Division 3, and
34 for purposes of that chapter, including Section 11349.6, the
35 adoption of the regulations shall be considered by the Office of
36 Administrative Law to be necessary for the immediate preservation
37 of the public peace, health and safety, and general welfare.
38 Notwithstanding subdivision (e) of Section 11346.1, the regulations
39 shall be repealed within 180 days after their effective date unless
40 the agency complies with Chapter 3.5 (commencing with Section

1 11340) of Part 1 of Division 3, as provided in subdivision (e) of
2 Section 11346.1.

3 (f) Within 60 days of the conclusion of the period for
4 guaranteeing loans under any small business disaster loan guarantee
5 program conducted for a disaster as authorized by Section 8684.2,
6 or Section 14075 of the Corporations Code, the Governor’s Office
7 of Business and Economic Development shall provide a report to
8 the Legislature on loan guarantees approved and rejected by gender,
9 ethnic group, type of business and location, and each participating
10 loan institution.

11 SEC. 70. Section 11532 of the Government Code is amended
12 to read:

13 11532. For purposes of this chapter, the following terms shall
14 have the following meanings, unless the context requires otherwise:

15 (a) “Chief” means the Chief of the Office of Technology
16 Services.

17 (b) “Technology” includes, but is not limited to, all electronic
18 technology systems and services, automated information handling,
19 system design and analysis, conversion of data, computer
20 programming, information storage and retrieval, and business
21 telecommunications systems and services.

22 (c) “Business telecommunications systems and services”
23 includes, but is not limited to, wireless or wired systems for
24 transport of voice, video, and data communications, network
25 systems, requisite facilities, equipment, system controls, simulation,
26 electronic commerce, and all related interactions between people
27 and machines. Public safety communications are excluded from
28 this definition.

29 (d) “Public agencies” include, but are not limited to, all state
30 and local governmental agencies in the state, including cities,
31 counties, other political subdivisions of the state, state departments,
32 agencies, boards, and commissions, and departments, agencies,
33 boards, and commissions of other states and federal agencies.

34 SEC. 71. Section 11534 of the Government Code is amended
35 to read:

36 11534. (a) There is in the Government Operations Agency, in
37 the Department of Technology, the Office of Technology Services.

38 (b) The purpose of this article is to establish a general purpose
39 technology services provider to serve the common technology
40 needs of executive branch entities with accountability to customers

1 for providing secure services that are responsive to client needs at
2 a cost representing best value to the state.

3 (c) The purpose of this chapter is to improve and coordinate the
4 use of technology and to coordinate and cooperate with all public
5 agencies in the state in order to eliminate duplications and to bring
6 about economies that could not otherwise be obtained.

7 (d) Unless the context clearly requires otherwise, whenever the
8 term “Department of Technology Services” appears in any statute,
9 regulation, or contract, it shall be deemed to refer to the Office of
10 Technology Services, and whenever the term “Director of
11 Technology Services” appears in statute, regulation, or contract,
12 it shall be deemed to refer to the Chief of the Office of Technology
13 Services.

14 (e) Unless the context clearly requires otherwise, the Office of
15 Technology Services and the Director of Technology succeed to
16 and are vested with all the duties, powers, purposes,
17 responsibilities, and jurisdiction vested in the former Department
18 of Technology Services and the former Director of Technology
19 Services, or Secretary of California Technology, respectively.

20 (f) All employees serving in state civil service, other than
21 temporary employees, who are engaged in the performance of
22 functions transferred to the Office of Technology Services, are
23 transferred to the Office of Technology Services. The status,
24 positions, and rights of those persons shall not be affected by their
25 transfer and shall continue to be retained by them pursuant to the
26 State Civil Service Act (Part 2 (commencing with Section 18500)
27 of Division 5), except as to positions the duties of which are vested
28 in a position exempt from civil service. The personnel records of
29 all transferred employees shall be transferred to the Office of
30 Technology Services.

31 (g) The property of any office, agency, or department related
32 to functions transferred to the Office of Technology Services is
33 transferred to the Office of Technology Services. If any doubt
34 arises as to where that property is transferred, the Department of
35 General Services shall determine where the property is transferred.

36 (h) All unexpended balances of appropriations and other funds
37 available for use in connection with any function or the
38 administration of any law transferred to the Office of Technology
39 Services shall be transferred to the Office of Technology Services
40 for the use and for the purpose for which the appropriation was

1 originally made or the funds were originally available. If there is
2 any doubt as to where those balances and funds are transferred,
3 the Department of Finance shall determine where the balances and
4 funds are transferred.

5 SEC. 72. Section 11538 of the Government Code is amended
6 to read:

7 11538. The Chief of the Office of Technology Services shall
8 be appointed by, and serve at the pleasure of, the Governor, subject
9 to Senate confirmation. The chief shall report to the Director of
10 Technology.

11 SEC. 73. Section 11539 of the Government Code is amended
12 to read:

13 11539. The chief shall be responsible for managing the affairs
14 of the Office of Technology Services and shall perform all duties,
15 exercise all powers and jurisdiction, and assume and discharge all
16 responsibilities necessary to carry out the purposes of this chapter.
17 The Office of Technology Services shall employ professional,
18 clerical, technical, and administrative personnel as necessary to
19 carry out this chapter.

20 SEC. 74. Section 11540 of the Government Code is amended
21 to read:

22 11540. The Director of Technology shall propose to the
23 Director of Finance rates for Office of Technology Services'
24 services based on a formal rate methodology. The Director of
25 Finance shall approve the proposal based on the reasonableness
26 of the rates and any significant impact on departmental budgets.
27 The Director of Technology and the Director of Finance shall
28 coordinate to develop policies and procedures to implement this
29 section, including, but not limited to, the format and timeframe of
30 the rate proposal.

31 SEC. 75. Section 11541 of the Government Code is amended
32 to read:

33 11541. (a) The Office of Technology Services may acquire,
34 install, equip, maintain, and operate new or existing business
35 telecommunications systems and services. Acquisitions for
36 information technology goods and services shall be made pursuant
37 to Chapter 3 (commencing with Section 12100) of Part 2 of
38 Division 2 of the Public Contract Code. To accomplish that
39 purpose, the Office of Technology Services may enter into
40 contracts, obtain licenses, acquire personal property, install

1 necessary equipment and facilities, and do other acts that will
2 provide adequate and efficient business telecommunications
3 systems and services. Any system established shall be made
4 available to all public agencies in the state on terms that may be
5 agreed upon by the agency and the Office of Technology Services.

6 (b) With respect to business telecommunications systems and
7 services, the Office of Technology Services may do all of the
8 following:

9 (1) Provide representation of public agencies before the Federal
10 Communications Commission in matters affecting the state and
11 other public agencies regarding business telecommunications
12 systems and services issues.

13 (2) Provide, upon request, advice to public agencies concerning
14 existing or proposed business telecommunications systems and
15 services between any and all public agencies.

16 (3) Recommend to public agencies rules, regulations,
17 procedures, and methods of operation that it deems necessary to
18 effectuate the most efficient and economical use of business
19 telecommunications systems and services within the state.

20 (4) Carry out the policies of this chapter.

21 (c) The Office of Technology Services has responsibilities with
22 respect to business telecommunications systems, services, policy,
23 and planning, which include, but are not limited to, all of the
24 following:

25 (1) Assessing the overall long-range business
26 telecommunications needs and requirements of the state
27 considering both routine and emergency operations for business
28 telecommunications systems and services, performance, cost,
29 state-of-the-art technology, multiuser availability, security,
30 reliability, and other factors deemed to be important to state needs
31 and requirements.

32 (2) Developing strategic and tactical policies and plans for
33 business telecommunications with consideration for the systems
34 and requirements of public agencies.

35 (3) Recommending industry standards, service level agreements,
36 and solutions regarding business telecommunications systems and
37 services to ensure multiuser availability and compatibility.

38 (4) Providing advice and assistance in the selection of business
39 telecommunications equipment to ensure all of the following:

1 (A) Ensuring that the business telecommunications needs of
2 state agencies are met.

3 (B) Ensuring that procurement is compatible throughout state
4 agencies and is consistent with the state's strategic and tactical
5 plans for telecommunications.

6 (C) Ensuring that procurement is designed to leverage the buying
7 power of the state and encourage economies of scale.

8 (5) Providing management oversight of statewide business
9 telecommunications systems and services developments.

10 (6) Providing for coordination of, and comment on, plans and
11 policies and operational requirements from departments that utilize
12 business telecommunications systems and services as determined
13 by the Office of Technology Services.

14 (7) Monitoring and participating, on behalf of the state, in the
15 proceedings of federal and state regulatory agencies and in
16 congressional and state legislative deliberations that have an impact
17 on state governmental business telecommunications activities.

18 (d) The Office of Technology Services shall develop and
19 describe statewide policy on the use of business
20 telecommunications systems and services by state agencies. In the
21 development of that policy, the Office of Technology Services
22 shall ensure that access to state business information and services
23 is improved, and that the policy is cost effective for the state and
24 its residents. The Office of Technology Services shall develop
25 guidelines that do all of the following:

26 (1) Describe what types of state business information and
27 services may be accessed using business telecommunications
28 systems and services.

29 (2) Characterize the conditions under which a state agency may
30 utilize business telecommunications systems and services.

31 (3) Characterize the conditions under which a state agency may
32 charge for information and services.

33 (4) Specify pricing policies.

34 (5) Provide other guidance as may be appropriate at the
35 discretion of the Office of Technology Services.

36 ~~SEC. 76. Section 11542 of the Government Code is amended~~
37 ~~to read:~~

38 ~~11542. (a) (1) The Stephen P. Teale Data Center and the~~
39 ~~California Health and Human Services Agency Data Center are~~

1 consolidated within, and their functions are transferred to, the
2 Office of Technology Services.

3 (2) Except as expressly provided otherwise in this chapter, the
4 Office of Technology Services is the successor to, and is vested
5 with, all of the duties, powers, purposes, responsibilities, and
6 jurisdiction of the Stephen P. Teale Data Center, and the California
7 Health and Human Services Agency Data Center. Any reference
8 in statutes, regulations, or contracts to those entities with respect
9 to the transferred functions shall be construed to refer to the Office
10 of Technology Services unless the context clearly requires
11 otherwise.

12 (3) A contract, lease, license, or any other agreement to which
13 either the Stephen P. Teale Data Center or the California Health
14 and Human Services Agency Data Center is a party shall not be
15 void or voidable by reason of this chapter, but shall continue in
16 full force and effect, with the Office of Technology Services
17 assuming all of the rights, obligations, and duties of the Stephen
18 P. Teale Data Center or the California Health and Human Services
19 Agency Data Center, respectively.

20 (4) Notwithstanding subdivision (e) of Section 11793 and
21 subdivision (e) of Section 11797, on and after the effective date
22 of this chapter, the balance of any funds available for expenditure
23 by the Stephen P. Teale Data Center and the California Health and
24 Human Services Agency Data Center, with respect to business
25 telecommunications systems and services functions in carrying
26 out any functions transferred to the Office of Technology Services
27 by this chapter, shall be transferred to the Technology Services
28 Revolving Fund created by Section 11544, and shall be made
29 available for the support and maintenance of the Office of
30 Technology Services.

31 (5) All references in statutes, regulations, or contracts to the
32 former Stephen P. Teale Data Center Fund or the California Health
33 and Human Services Data Center Revolving Fund shall be
34 construed to refer to the Technology Services Revolving Fund
35 unless the context clearly requires otherwise.

36 (6) All books, documents, records, and property of the Stephen
37 P. Teale Data Center and the California Health and Human Services
38 Agency Data Center, excluding the Systems Integration Division,
39 shall be transferred to the Office of Technology Services.

1 ~~(7) (A) All officers and employees of the former Stephen P.~~
2 ~~Teale Data Center and the California Health and Human Services~~
3 ~~Agency Data Center, are transferred to the Office of Technology~~
4 ~~Services.~~

5 ~~(B) The status, position, and rights of any officer or employee~~
6 ~~of the Stephen P. Teale Data Center and the California Health and~~
7 ~~Human Services Agency Data Center, shall not be affected by the~~
8 ~~transfer and consolidation of the functions of that officer or~~
9 ~~employee to the Office of Technology Services.~~

10 ~~(b) (1) All duties and functions of the Telecommunications~~
11 ~~Division of the Department of General Services are transferred to~~
12 ~~the Department of Technology.~~

13 ~~(2) Unless the context clearly requires otherwise, whenever the~~
14 ~~term “Telecommunications Division of the Department of General~~
15 ~~Services” or “California Technology Agency” appears in any~~
16 ~~statute, regulation, or contract, it shall be deemed to refer to the~~
17 ~~Department of Technology.~~

18 ~~(3) All employees serving in state civil service, other than~~
19 ~~temporary employees, who are engaged in the performance of~~
20 ~~functions transferred to the Department of Technology, are~~
21 ~~transferred to the Department of Technology. The status, positions,~~
22 ~~and rights of those persons shall not be affected by their transfer~~
23 ~~and shall continue to be retained by them pursuant to the State~~
24 ~~Civil Service Act (Part 2 (commencing with Section 18500) of~~
25 ~~Division 5), except as to positions the duties of which are vested~~
26 ~~in a position exempt from civil service. The personnel records of~~
27 ~~all transferred employees shall be transferred to the Department~~
28 ~~of Technology.~~

29 ~~(4) The property of any office, agency, or department related~~
30 ~~to functions transferred to the Department of Technology, are~~
31 ~~transferred to the Department of Technology. If any doubt arises~~
32 ~~as to where that property is transferred, the Department of General~~
33 ~~Services shall determine where the property is transferred.~~

34 ~~(5) All unexpended balances of appropriations and other funds~~
35 ~~available for use in connection with any function or the~~
36 ~~administration of any law transferred to the Department of~~
37 ~~Technology shall be transferred to the Department of Technology~~
38 ~~for the use and for the purpose for which the appropriation was~~
39 ~~originally made or the funds were originally available. If there is~~
40 ~~any doubt as to where those balances and funds are transferred,~~

1 ~~the Department of Finance shall determine where the balances and~~
2 ~~funds are transferred.~~

3 ~~SEC. 77.~~

4 *SEC. 76.* Section 11544 of the Government Code is amended
5 to read:

6 11544. (a) The Technology Services Revolving Fund, hereafter
7 known as the fund, is hereby created within the State Treasury.
8 The fund shall be administered by the Director of Technology to
9 receive all revenues from the sale of technology or technology
10 services provided for in this chapter, for other services rendered
11 by the Department of Technology, and all other moneys properly
12 credited to the Department of Technology from any other source,
13 to pay, upon appropriation by the Legislature, all costs arising
14 from this chapter and rendering of services to state and other public
15 agencies, including, but not limited to, employment and
16 compensation of necessary personnel and expenses, such as
17 operating and other expenses of the Department of Technology,
18 and costs associated with approved information technology
19 projects, and to establish reserves. At the discretion of the Director
20 of Technology, segregated, dedicated accounts within the fund
21 may be established. The amendments made to this section by the
22 act adding this sentence shall apply to all revenues earned on or
23 after July 1, 2010.

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

25 (1) Moneys appropriated and made available by the Legislature
26 for the purposes of this chapter.

27 (2) Any other moneys that may be made available to the
28 Department of Technology from any other source, including the
29 return from investments of moneys by the Treasurer.

30 (c) The Department of Technology may collect payments from
31 public agencies for providing services to those agencies that the
32 agencies have requested from the Department of Technology. The
33 Department of Technology may require monthly payments by
34 client agencies for the services the agencies have requested.
35 Pursuant to Section 11255, the Controller shall transfer any
36 amounts so authorized by the Department of Technology,
37 consistent with the annual budget of each department, to the fund.
38 The Department of Technology shall notify each affected state
39 agency upon requesting the Controller to make the transfer.

1 (d) At the end of any fiscal year, if the balance remaining in the
 2 fund at the end of that fiscal year exceeds 25 percent of the portion
 3 of the Department of Technology’s current fiscal year budget used
 4 for support of data center and other client services, the excess
 5 amount shall be used to reduce the billing rates for services
 6 rendered during the following fiscal year.

7 ~~SEC. 78.~~

8 *SEC. 77.* Section 11546 of the Government Code is amended
 9 to read:

10 11546. (a) The Department of Technology shall be responsible
 11 for the approval and oversight of information technology projects,
 12 which shall include, but are not limited to, all of the following:

13 (1) Establishing and maintaining a framework of policies,
 14 procedures, and requirements for the initiation, approval,
 15 implementation, management, oversight, and continuation of
 16 information technology projects. Unless otherwise required by
 17 law, a state department shall not procure oversight services of
 18 information technology projects without the approval of the
 19 Department of Technology.

20 (2) Evaluating information technology projects based on the
 21 business case justification, resources requirements, proposed
 22 technical solution, project management, oversight and risk
 23 mitigation approach, and compliance with statewide strategies,
 24 policies, and procedures. Projects shall continue to be funded
 25 through the established Budget Act process.

26 (3) Consulting with agencies during initial project planning to
 27 ensure that project proposals are based on well-defined
 28 programmatic needs, clearly identify programmatic benefits, and
 29 consider feasible alternatives to address the identified needs and
 30 benefits consistent with statewide strategies, policies, and
 31 procedures.

32 (4) Consulting with agencies prior to project initiation to review
 33 the project governance and management framework to ensure that
 34 it is best designed for success and will serve as a resource for
 35 agencies throughout the project implementation.

36 (5) Requiring agencies to provide information on information
 37 technology projects including, but not limited to, all of the
 38 following:

39 (A) The degree to which the project is within approved scope,
 40 cost, and schedule.

1 (B) Project issues, risks, and corresponding mitigation efforts.

2 (C) The current estimated schedule and costs for project
3 completion.

4 (6) Requiring agencies to perform remedial measures to achieve
5 compliance with approved project objectives. These remedial
6 measures may include, but are not limited to, any of the following:

7 (A) Independent assessments of project activities, the cost of
8 which shall be funded by the agency administering the project.

9 (B) Establishing remediation plans.

10 (C) Securing appropriate expertise, the cost of which shall be
11 funded by the agency administering the project.

12 (D) Requiring additional project reporting.

13 (E) Requiring approval to initiate any action identified in the
14 approved project schedule.

15 (7) Suspending, reinstating, or terminating information
16 technology projects. The Department of Technology shall notify
17 the Joint Legislative Budget Committee of any project suspension,
18 reinstatement, and termination within 30 days of that suspension,
19 reinstatement, or termination.

20 (8) Establishing restrictions or other controls to mitigate
21 nonperformance by agencies, including, but not limited to, any of
22 the following:

23 (A) The restriction of future project approvals pending
24 demonstration of successful correction of the identified
25 performance failure.

26 (B) The revocation or reduction of authority for state agencies
27 to initiate information technology projects or acquire information
28 technology or telecommunications goods or services.

29 (b) The Department of Technology shall have the authority to
30 delegate to another agency any authority granted under this section
31 based on its assessment of the agency's project management,
32 project oversight, and project performance.

33 ~~SEC. 79.~~

34 *SEC. 78.* Section 11549 of the Government Code is amended
35 to read:

36 11549. (a) There is in state government, in the Department of
37 Technology, the Office of Information Security. The purpose of
38 the Office of Information Security is to ensure the confidentiality,
39 integrity, and availability of state systems and applications, and
40 to promote and protect privacy as part of the development and

1 operations of state systems and applications to ensure the trust of
2 the residents of this state.

3 (b) The office shall be under the direction of a chief, who shall
4 be appointed by, and serve at the pleasure of, the Governor. The
5 chief shall report to the Director of Technology, and shall lead the
6 Office of Information Security in carrying out its mission.

7 (c) The duties of the Office of Information Security, under the
8 direction of the chief, shall be to provide direction for information
9 security and privacy to state government agencies, departments,
10 and offices, pursuant to Section 11549.3.

11 (d) (1) Unless the context clearly requires otherwise, whenever
12 the term “Office of Information Security and Privacy Protection”
13 appears in any statute, regulation, or contract, it shall be deemed
14 to refer to the Office of Information Security, and whenever the
15 term “executive director of the Office of Information Security and
16 Privacy Protection” appears in statute, regulation, or contract, it
17 shall be deemed to refer to the Chief of the Office of Information
18 Security.

19 (2) All employees serving in state civil service, other than
20 temporary employees, who are engaged in the performance of
21 functions transferred from the Office of Information Security and
22 Privacy Protection to the Office of Information Security, are
23 transferred to the Office of Information Security. The status,
24 positions, and rights of those persons shall not be affected by their
25 transfer and shall continue to be retained by them pursuant to the
26 State Civil Service Act (Part 2 (commencing with Section 18500)
27 of Division 5), except as to positions the duties of which are vested
28 in a position exempt from civil service. The personnel records of
29 all transferred employees shall be transferred to the Office of
30 Information Security.

31 (3) The property of any office, agency, or department related
32 to functions transferred to the Office of Information Security is
33 transferred to the Office of Information Security. If any doubt
34 arises as to where that property is transferred, the Department of
35 General Services shall determine where the property is transferred.

36 (4) All unexpended balances of appropriations and other funds
37 available for use in connection with any function or the
38 administration of any law transferred to the Office of Information
39 Security shall be transferred to the Office of Information Security
40 for the use and for the purpose for which the appropriation was

1 originally made or the funds were originally available. If there is
2 any doubt as to where those balances and funds are transferred,
3 the Department of Finance shall determine where the balances and
4 funds are transferred.

5 ~~SEC. 80.~~

6 *SEC. 79.* Section 11549.1 of the Government Code is amended
7 to read:

8 11549.1. As used in this article, the following terms have the
9 following meanings:

10 (a) “Chief” means the Chief of the Office of Information
11 Security.

12 (b) “Office” means the Office of Information Security.

13 (c) “Program” means an information security program
14 established pursuant to Section 11549.3.

15 ~~SEC. 81.~~ Section 11549.3 of the Government Code is amended
16 to read:

17 ~~11549.3. (a) The Chief of the Office of Information Security~~
18 ~~shall establish an information security program. The program~~
19 ~~responsibilities include, but are not limited to, all of the following:~~

20 ~~(1) The creation, updating, and publishing of information~~
21 ~~security and privacy policies, standards, and procedures for state~~
22 ~~agencies in the State Administrative Manual.~~

23 ~~(2) The creation, issuance, and maintenance of policies,~~
24 ~~standards, and procedures directing state agencies to effectively~~
25 ~~manage security and risk for all of the following:~~

26 ~~(A) Information technology, which includes, but is not limited~~
27 ~~to, all electronic technology systems and services, automated~~
28 ~~information handling, system design and analysis, conversion of~~
29 ~~data, computer programming, information storage and retrieval,~~
30 ~~telecommunications, requisite system controls, simulation,~~
31 ~~electronic commerce, and all related interactions between people~~
32 ~~and machines.~~

33 ~~(B) Information that is identified as mission critical, confidential,~~
34 ~~sensitive, or personal, as defined and published by the office.~~

35 ~~(3) The creation, issuance, and maintenance of policies,~~
36 ~~standards, and procedures directing state agencies for the collection,~~
37 ~~tracking, and reporting of information regarding security and~~
38 ~~privacy incidents.~~

39 ~~(4) The creation, issuance, and maintenance of policies,~~
40 ~~standards, and procedures directing state agencies in the~~

1 development, maintenance, testing, and filing of each agency's
2 disaster recovery plan.

3 (5) Coordination of the activities of agency information security
4 officers, for purposes of integrating statewide security initiatives
5 and ensuring compliance with information security and privacy
6 policies and standards.

7 (6) Promotion and enhancement of the state agencies' risk
8 management and privacy programs through education, awareness,
9 collaboration, and consultation.

10 (7) Representing the state before the federal government, other
11 state agencies, local government entities, and private industry on
12 issues that have statewide impact on information security and
13 privacy.

14 (b) An information security officer appointed pursuant to Section
15 11546.1 shall implement the policies and procedures issued by the
16 Office of Information Security, including, but not limited to,
17 performing all of the following duties:

18 (1) Comply with the information security and privacy policies,
19 standards, and procedures issued pursuant to this chapter by the
20 Office of Information Security.

21 (2) Comply with filing requirements and incident notification
22 by providing timely information and reports as required by policy
23 or directives of the office.

24 (c) The office may conduct, or require to be conducted,
25 independent security assessments of any state agency, department,
26 or office, the cost of which shall be funded by the state agency,
27 department, or office being assessed.

28 (d) The office may require an audit of information security to
29 ensure program compliance, the cost of which shall be funded by
30 the state agency, department, or office being audited.

31 (e) The office shall report to the Department of Technology any
32 state agency found to be noncompliant with information security
33 program requirements.

34 ~~SEC. 82.~~

35 *SEC. 80.* Section 12802.8 of the Government Code is amended
36 to read:

37 12802.8. (a) The Governor may, with respect to the
38 Transportation Agency, appoint a Deputy Secretary of Housing
39 Coordination, who shall serve as the secretary's primary advisor
40 on housing matters, including, but not limited to, sustainable

1 growth policy matters, and other strategies to achieve the state’s
2 greenhouse gas emission reduction objectives as it pertains to those
3 housing matters.

4 The Deputy Secretary of Housing Coordination shall hold office
5 at the pleasure of the Governor and shall receive a salary as shall
6 be fixed by the Governor with the approval of the Department of
7 Finance.

8 (b) *The Governor, upon the recommendation of the Secretary*
9 *of Transportation, may appoint up to four deputies for the*
10 *secretary.*

11 *SEC. 81. Section 12803.2 is added to the Government Code,*
12 *to read:*

13 *12803.2. (a) The Government Operations Agency shall consist*
14 *of all of the following:*

15 *(1) The Office of Administrative Law.*

16 *(2) The Public Employees’ Retirement System.*

17 *(3) The State Teachers’ Retirement System.*

18 *(4) The State Personnel Board.*

19 *(5) The California Victim Compensation and Government*
20 *Claims Board.*

21 *(6) The Department of General Services.*

22 *(7) The Department of Technology.*

23 *(8) The Franchise Tax Board.*

24 *(9) The Department of Human Resources.*

25 (b) *The Government Operations Agency shall be governed by*
26 *the Secretary of Government Operations pursuant to Section*
27 *12801. However, the Director of Human Resources shall report*
28 *directly to the Governor on issues relating to labor relations.*

29 (c) *The Governor, upon the recommendation of the Secretary*
30 *of Government Operations, may appoint up to three deputies for*
31 *the secretary.*

32 *SEC. 82. Section 12856 of the Government Code is amended*
33 *to read:*

34 *12856. ~~In~~(a) The Governor, upon the recommendation of the*
35 *Secretary of Business, Consumer Services, and Housing, may*
36 *appoint up to three deputies for the secretary.*

37 (b) *In addition to any other provision of law, the Secretary of*
38 *Business, Consumer Services, and Housing may appoint an*
39 *assistant, who is exempt from the civil service laws. The secretary*
40 *shall prescribe the duties of the appointed assistant and shall fix*

1 the salary of such assistant subject to the approval of the Director
2 of Finance. The appointed assistant shall serve at the pleasure of
3 the secretary.

4 SEC. 83. Section 13995.20 of the Government Code is amended
5 to read:

6 13995.20. Unless the context otherwise requires, the definitions
7 in this section govern the construction of this chapter.

8 (a) “Appointed commissioner” means a commissioner appointed
9 by the Governor pursuant to paragraph (2) of subdivision (b) of
10 Section 13995.40.

11 (b) “Assessed business” means a person required to pay an
12 assessment pursuant to this chapter, and until the first assessment
13 is levied, any person authorized to vote for the initial referendum.
14 An assessed business shall not include a public entity or a
15 corporation when a majority of the corporation’s board of directors
16 is appointed by a public official or public entity, or serves on the
17 corporation’s board of directors by virtue of being elected to public
18 office, or both.

19 (c) “Commission” means the California Travel and Tourism
20 Commission.

21 (d) “Director” means the Director of the Governor’s Office of
22 Business and Economic Development.

23 (e) “Elected commissioner” means a commissioner elected
24 pursuant to subdivision (d) of Section 13995.40.

25 (f) “Industry category” means the following classifications
26 within the tourism industry:

27 (1) Accommodations.

28 (2) Restaurants and retail.

29 (3) Attractions and recreation.

30 (4) Transportation and travel services, other than passenger car
31 rental.

32 (5) Passenger car rental.

33 (g) “Industry segment” means a portion of an industry category.
34 For example, motor home rentals are an industry segment of the
35 transportation and travel services industry category.

36 (h) “Maximum assessment” means a dollar amount, adopted by
37 the commission, over which an assessed business shall not be
38 required to pay. The commission may adopt differing amounts of
39 maximum assessment for each industry category or industry
40 segment.

1 (i) “Office” means the Office of Tourism, also popularly referred
2 to as the Division of Tourism, within the Governor’s Office of
3 Business and Economic Development.

4 (j) “Person” means an individual, public entity, firm,
5 corporation, association, or any other business unit, whether
6 operating on a for-profit or nonprofit basis.

7 (k) “Referendum” means any vote by mailed ballot of measures
8 recommended by the commission and approved by the director
9 pursuant to Section 13995.60, except for the initial referendum,
10 which shall consist of measures contained in the selection
11 committee report, discussed in Section 13995.30.

12 (l) “Selection committee” means the Tourism Selection
13 Committee described in Article 3 (commencing with Section
14 13995.30).

15 SEC. 84. The heading of Article 5 (commencing with Section
16 13995.50) of Chapter 1 of Part 4.7 of Division 3 of Title 2 of the
17 Government Code is amended to read:

18
19 Article 5. Director
20

21 SEC. 85. Section 13995.60 of the Government Code is amended
22 to read:

23 13995.60. (a) As used in this article and Article 7 (commencing
24 with Section 13995.65), “assessment level” means the estimated
25 gross dollar amount received by assessment from all assessed
26 businesses on an annual basis, and “assessment formula” means
27 the allocation method used within each industry segment (for
28 example, percentage of gross revenue or percentage of transaction
29 charges).

30 (b) Commencing on January 1, 2003, a referendum shall be
31 called every two years, and the commission, by adopted resolution,
32 shall determine the slate of individuals who will run for
33 commissioner. The resolution shall also cover, but not be limited
34 to, the proposed assessment level for each industry category, based
35 upon specified assessment formulae, together with necessary
36 information to enable each assessed business to determine what
37 its individual assessment would be. Commencing with the
38 referendum held in 2007 and every six years thereafter, the
39 resolution shall also cover the termination or continuation of the
40 commission. The resolution may also include an amended industry

1 segment allocation formula and the percentage allocation of
2 assessments between industry categories and segments. The
3 commission may specify in the resolution that a special, lower
4 assessment rate that was set pursuant to subdivision (c) of Section
5 13995.30 for a particular business will no longer apply due to
6 changes in the unique circumstance that originally justified the
7 lower rate. The resolution may include up to three possible
8 assessment levels for each industry category, from which the
9 assessed businesses will select one assessment level for each
10 industry category by plurality weighted vote.

11 (c) The commission shall deliver to the director the resolution
12 described in subdivision (b). The director shall call a referendum
13 containing the information required by subdivision (b) plus any
14 additional matters complying with the procedures of subdivision
15 (b) of Section 13995.62.

16 (d) When the director calls a referendum, all assessed businesses
17 shall be sent a ballot for the referendum. Every ballot that the
18 secretary receives by the ballot deadline shall be counted, utilizing
19 the weighted formula adopted initially by the selection committee,
20 and subsequently amended by referendum.

21 (e) If the commission's assessment level is significantly different
22 from what was projected when the existing assessment formula
23 was last approved by referendum, a majority of members, by
24 weighted votes of an industry category, may petition for a
25 referendum to change the assessment formula applicable to that
26 industry category.

27 (f) If the referendum includes more than one possible assessment
28 rate for each industry category, the rate with the plurality of
29 weighted votes within a category shall be adopted.

30 (g) Notwithstanding any other provision of this section, if the
31 commission delivers to the director a resolution pertaining to any
32 matter described in subdivision (b), the director shall call a
33 referendum at a time or times other than as specified in this section.
34 Each referendum shall contain only those matters contained in the
35 resolution.

36 (h) Notwithstanding any other provision of this section, the
37 director shall identify, to the extent reasonably feasible, those
38 businesses that would become newly assessed due to a change in
39 category, segment, threshold, or exemption status sought via

1 referendum, and provide those businesses the opportunity to vote
2 in that referendum.

3 SEC. 86. Section 13995.64.5 of the Government Code is
4 amended to read:

5 13995.64.5. Notwithstanding subdivision (a) of Section
6 13995.64, if an assessed business within the passenger car rental
7 category pays an assessment greater than the maximum assessment,
8 determined by the commission for other industry categories, the
9 weighted percentage assigned to that assessed business shall be
10 the same as though its assessment were equal to the highest
11 maximum assessment.

12 SEC. 87. Section 13995.65.5 of the Government Code is
13 amended to read:

14 13995.65.5. Notwithstanding Section 13995.65 or any other
15 provision of this chapter, for purposes of calculating the assessment
16 for a business within the passenger car rental category, the
17 assessment shall be collected only on each rental transaction that
18 commences at either an airport or at a hotel or other overnight
19 lodging with respect to which a city, city and county, or county is
20 authorized to levy a tax as described in Section 7280 of the
21 Revenue and Taxation Code. A transaction commencing at an
22 airport or hotel or other overnight lodging subject to a transient
23 occupancy tax as described in Section 7280 of the Revenue and
24 Taxation Code, including those that commence at a location that
25 might otherwise by regulation be exempt from assessment, shall
26 be subject to the assessment. The assessment shall always be
27 expressed as a fixed percentage of the amount of the rental
28 transaction.

29 SEC. 88. Section 13995.92 of the Government Code is amended
30 to read:

31 13995.92. ~~The California Travel and Tourism Commission~~
32 ~~shall submit a referendum to the passenger rental car industry as~~
33 ~~soon as possible, but not later than March 31, 2007. The~~
34 ~~referendum shall propose an assessment level upon the passenger~~
35 ~~rental car industry, as an industry category, under this chapter. The~~
36 ~~proposed assessment for the passenger rental car industry rate~~
37 ~~shall be set at a level determined by the commission that will~~
38 ~~generate funding that will be sufficient, when aggregated together~~
39 ~~with other funding for the commission, minus amounts reverted~~
40 ~~to the general fund pursuant to Item 0520-495 of Section 2 of the~~

1 ~~Budget Act of 2006, for a spending plan for the 2006–07 fiscal~~
2 ~~year of twenty-five million dollars (\$25,000,000), and for the~~
3 ~~2007–08 fiscal year of commission for an amount sufficient to fund~~
4 ~~the approved marketing plan of no less than fifty million dollars~~
5 ~~(\$50,000,000). (\$50,000,000) per fiscal year.~~

6 SEC. 89. Section 13997.7 of the Government Code is amended
7 to read:

8 13997.7. (a) Notwithstanding any other provision of law,
9 effective January 1, 2008, the Economic Adjustment Assistance
10 Grant funded through the United States Economic Development
11 Administration under Title IX of the Public Works and Economic
12 Development Act of 1965 (Grant No. 07–19–02709 and
13 07–19–2709.1) shall be administered by the Director of the
14 Governor’s Office of Business and Economic Development, and,
15 for the purpose of state administration of this grant, the Director
16 of the Governor’s Office of Business and Economic Development
17 shall be deemed to be the successor to the former Secretary of
18 Technology, Trade and Commerce. The Director of the Governor’s
19 Office of Business and Economic Development may assign and
20 contract administration of the grant to a public agency created
21 pursuant to Chapter 5 (commencing with Section 6500) of Division
22 7 of Title 1.

23 (b) On January 1, 2008, all federal moneys held in the Sudden
24 and Severe Economic Dislocation Grant Account within the Special
25 Deposit Fund are hereby transferred to the Small Business
26 Expansion Fund created pursuant to Section 14030 of the
27 Corporations Code for expenditure by the Governor’s Office of
28 Business and Economic Development pursuant to Article 9
29 (commencing with Section 14070) of the Corporations Code for
30 purposes of the Sudden and Severe Economic Dislocation Grant
31 program, or other purposes permitted by the cognizant federal
32 agency.

33 (c) All loan repayments received on or after January 1, 2008,
34 for the Sudden and Severe Economic Dislocation Grant program
35 loans issued pursuant to former Section 15327 (repealed by Section
36 1.8 of Chapter 229 of the Statutes of 2003 (AB 1757)) and this
37 section, shall be deposited into the Small Business Expansion Fund
38 and shall be available to the Governor’s Office of Business and
39 Economic Development for expenditure pursuant to the provisions
40 of Article 9 (commencing with Section 14070) of the Corporations

1 Code for the Sudden and Severe Economic Dislocation Grant
2 program, or other purposes permitted by the cognizant federal
3 agency.

4 SEC. 90. Section 14030 of the Government Code is amended
5 to read:

6 14030. The powers and duties of the department include, but
7 are not limited to, all of the following activities:

8 (a) Supporting the commission in coordinating and developing,
9 in cooperation with local and regional entities, comprehensive
10 balanced transportation planning and policy for the movement of
11 people and goods within the state.

12 (b) Coordinating and assisting, upon request of, the various
13 public and private transportation entities in strengthening their
14 development and operation of balanced integrated mass
15 transportation, highway, aviation, maritime, railroad, and other
16 transportation facilities and services in support of statewide and
17 regional goals.

18 (c) Developing, in cooperation with local and regional
19 transportation entities, the full potential of all resources and
20 opportunities that are now, and may become, available to the state
21 and to regional and local agencies for meeting California's
22 transportation needs, as provided by statutes and, in particular,
23 maximizing the amount of federal funds that may be available to
24 the state and increasing the efficiency by which those funds are
25 utilized.

26 (d) Planning, designing, constructing, operating, and maintaining
27 those transportation systems that the Legislature has made, or may
28 make, the responsibility of the department; provided that the
29 department is not authorized to assume the functions of project
30 planning, designing, constructing, operating, or maintaining
31 maritime or aviation facilities without express prior approval of
32 the Legislature with the exception of those aviation functions that
33 have been designated for the department in the Public Utilities
34 Code.

35 (e) Coordinating and developing transportation research projects
36 of statewide interest.

37 (f) Exercising other functions, powers, and duties as are or may
38 be provided for by law.

39 (g) With the Department of Housing and Community
40 Development, investigating and reporting to the Secretary of

1 Transportation and the Secretary of Business, Consumer Services
2 Services, and Housing upon the consistency between state, local,
3 and federal housing plans and programs and state, local, and federal
4 transportation plans and programs.

5 SEC. 91. Section 14534.1 of the Government Code is amended
6 to read:

7 14534.1. Notwithstanding Section 12850.6 or subdivision (b)
8 of Section 12800, as added to this code by the Governor's
9 Reorganization Plan No. 2 of 2012 during the 2011–12 Regular
10 Session, the commission shall retain independent authority to
11 perform those duties and functions prescribed to it under any
12 provision of law.

13 SEC. 92. Section 14998.3 of the Government Code is amended
14 to read:

15 14998.3. (a) The commission shall submit a list of
16 recommended candidates for the position of Director of the Film
17 Commission to the Governor for consideration. The Governor
18 shall appoint the director.

19 (b) The Director of the Film Commission shall receive a salary
20 to be determined by the Department of Human Resources.

21 (c) The Director of the Governor's Office of Business and
22 Economic Development, or his or her designee, shall act as the
23 director during the absence from the state or other temporary
24 absence, disability, or unavailability of the director, or during a
25 vacancy in that position.

26 SEC. 93. Section 14998.4 of the Government Code is amended
27 to read:

28 14998.4. (a) The commission shall meet at least quarterly and
29 shall select a chairperson and a vice chairperson from among its
30 members. The vice chairperson shall act as chairperson in the
31 chairperson's absence.

32 (b) Each commission member shall serve without compensation
33 but shall be reimbursed for traveling outside the county in which
34 he or she resides to attend meetings.

35 (c) The commission shall work to encourage motion picture and
36 television filming in California and to that end, shall exercise all
37 of the powers provided in this chapter.

38 (d) The commission shall make recommendations to the
39 Legislature, the Governor, the Governor's Office of Business and
40 Economic Development, and other state agencies on legislative or

1 administrative actions that may be necessary or helpful to maintain
2 and improve the position of the state’s motion picture industry in
3 the national and world markets.

4 (e) In addition, subject to the provision of funding appropriated
5 for these purposes, the commission shall do all of the following:

6 (1) Adopt guidelines for a standardized permit to be used by
7 state agencies and the director.

8 (2) Approve or modify the marketing and promotion plan
9 developed by the director pursuant to subdivision (d) of Section
10 14998.9 to promote filmmaking in the state.

11 (3) Conduct workshops and trade shows.

12 (4) Provide expertise in promotional activities.

13 (5) Hold hearings.

14 (6) Adopt its own operational rules and procedures.

15 (7) Counsel the Legislature and the Governor on issues relating
16 to the motion picture industry.

17 SEC. 94. Section 14998.6 of the Government Code is amended
18 to read:

19 14998.6. The director of the commission shall provide staff
20 support to the California Film Commission. When needed, the
21 Director of the Governor’s Office of Business and Economic
22 Development may assign additional staff on a temporary or
23 permanent basis.

24 SEC. 95. Section 14998.7 of the Government Code is amended
25 to read:

26 14998.7. Any funds appropriated to, or for use by, the
27 California Film Commission for purposes of this chapter, shall be
28 under the control of the Director of the Governor’s Office of
29 Business and Economic Development or his or her designee.

30 ~~SEC. 96. Section 15251 of the Government Code is amended~~
31 ~~to read:~~

32 ~~15251. Unless the context requires otherwise, as used in this~~
33 ~~part, the following terms shall have the following meanings:~~

34 ~~(a) “Department” means the Department of Technology.~~

35 ~~(b) “Office” means the Public Safety Communications Office~~
36 ~~established by this part.~~

37 ~~SEC. 97. Section 15277 of the Government Code is amended~~
38 ~~to read:~~

1 ~~15277. The Public Safety Communications Office is established~~
2 ~~within the department. The duties of the office shall include, but~~
3 ~~not be limited to, all of the following:~~

4 ~~(a) Assessing the overall long-range public safety~~
5 ~~communications needs and requirements of the state considering~~
6 ~~emergency operations, performance, cost, state-of-the-art~~
7 ~~technology, multiuser availability, security, reliability, and other~~
8 ~~factors deemed to be important to state needs and requirements.~~

9 ~~(b) Developing strategic and tactical policies and plans for public~~
10 ~~safety communications with consideration for the systems and~~
11 ~~requirements of the state and all public agencies in this state, and~~
12 ~~preparing an annual strategic communications plan that includes~~
13 ~~the feasibility of interfaces with federal and other state~~
14 ~~telecommunications networks and services.~~

15 ~~(c) Recommending industry standards for public safety~~
16 ~~communications systems to ensure multiuser availability and~~
17 ~~compatibility.~~

18 ~~(d) Providing advice and assistance in the selection of~~
19 ~~communications equipment to ensure that the public safety~~
20 ~~communications needs of state agencies are met and that~~
21 ~~procurements are compatible throughout state agencies and are~~
22 ~~consistent with the state's strategic and tactical plans for public~~
23 ~~safety communications.~~

24 ~~(e) Providing management oversight of statewide public safety~~
25 ~~communications systems developments.~~

26 ~~(f) Providing for coordination of, and comment on, plans,~~
27 ~~policies, and operational requirements from departments that utilize~~
28 ~~public safety communications in support of their principal function,~~
29 ~~such as the California Emergency Management Agency, National~~
30 ~~Guard, health and safety agencies, and others with primary public~~
31 ~~safety communications programs.~~

32 ~~(g) Monitoring and participating on behalf of the state in the~~
33 ~~proceedings of federal and state regulatory agencies and in~~
34 ~~congressional and state legislative deliberations that have an impact~~
35 ~~on state government public safety communications activities.~~

36 ~~(h) Developing plans regarding teleconferencing as an~~
37 ~~alternative to state travel during emergency situations.~~

38 ~~(i) Ensuring that all radio transmitting devices owned or operated~~
39 ~~by state agencies and departments are licensed, installed, and~~
40 ~~maintained in accordance with the requirements of federal law. A~~

1 request for a federally required license for a state-owned radio
2 transmitting device shall be sought only in the name of the “State
3 of California.”

4 ~~(j) Acquiring, installing, equipping, maintaining, and operating~~
5 ~~new or existing public safety communications systems and facilities~~
6 ~~for public safety agencies. To accomplish that purpose, the office~~
7 ~~is authorized to enter into contracts, obtain licenses, acquire~~
8 ~~property, install necessary equipment and facilities, and do other~~
9 ~~necessary acts to provide adequate and efficient public safety~~
10 ~~communications systems. Any systems established shall be~~
11 ~~available to all public agencies in the state on terms that may be~~
12 ~~agreed upon by the public agency and the office.~~

13 ~~(k) Acquiring, installing, equipping, maintaining, and operating~~
14 ~~all new or replacement microwave communications systems~~
15 ~~operated by the state, except microwave equipment used~~
16 ~~exclusively for traffic signal and signing control, traffic metering,~~
17 ~~and roadway surveillance systems. To accomplish that purpose,~~
18 ~~the office is authorized to enter into contracts, obtain licenses,~~
19 ~~acquire property, install necessary equipment and facilities, and~~
20 ~~do other necessary acts to provide adequate and efficient~~
21 ~~microwave communications systems. Any system established shall~~
22 ~~be available to all public safety agencies in the state on terms that~~
23 ~~may be agreed upon by the public agency and the office.~~

24 ~~(l) This chapter shall not apply to Department of Justice~~
25 ~~communications operated pursuant to Chapter 2.5 (commencing~~
26 ~~with Section 15150) of Part 6.~~

27 ~~SEC. 98.~~

28 ~~SEC. 96.~~ Section 53108.5 of the Government Code is amended
29 to read:

30 53108.5. ~~“Office,”~~ “*Division*,” as used in this article, means
31 the Public Safety Communications ~~Office~~ *Division* within the
32 Department of Technology. *Office of Emergency Services.*

33 ~~SEC. 99.~~

34 ~~SEC. 97.~~ Section 53113 of the Government Code is amended
35 to read:

36 53113. The Legislature finds that, because of overlapping
37 jurisdiction of public agencies, public safety agencies, and
38 telephone service areas, a general overview or plan should be
39 developed prior to the establishment of any system. In order to
40 ensure that proper preparation and implementation of those systems

1 is accomplished by all public agencies by December 31, 1985, the
2 office, with the advice and assistance of the Attorney General,
3 shall secure compliance by public agencies as provided in this
4 article.

5 ~~SEC. 100.~~

6 *SEC. 98.* Section 53114 of the Government Code is amended
7 to read:

8 53114. The office, with the advice and assistance of the
9 Attorney General, shall coordinate the implementation of systems
10 established pursuant to the provisions of this article. The office,
11 with the advice and assistance of the Attorney General, shall assist
12 local public agencies and local public safety agencies in obtaining
13 financial help to establish emergency telephone service, and shall
14 aid agencies in the formulation of concepts, methods, and
15 procedures that will improve the operation of systems required by
16 this article and that will increase cooperation between public safety
17 agencies.

18 ~~SEC. 101.~~ Section 53114.1 of the Government Code is amended
19 to read:

20 ~~53114.1. To accomplish the responsibilities specified in this~~
21 ~~article, the office is directed to consult at regular intervals with the~~
22 ~~State Fire Marshal, the State Department of Public Health, the~~
23 ~~Office of Traffic Safety, the Office of Emergency Services, a local~~
24 ~~representative from a city, a local representative from a county,~~
25 ~~the public utilities in this state providing telephone service, the~~
26 ~~Association of Public-Safety Communications Officials, the~~
27 ~~Emergency Medical Services Authority, the Department of the~~
28 ~~California Highway Patrol, and the Department of Forestry and~~
29 ~~Fire Protection. These agencies shall provide all necessary~~
30 ~~assistance and consultation to the office to enable it to perform its~~
31 ~~duties specified in this article.~~

32 ~~SEC. 102.~~

33 *SEC. 99.* Section 53114.2 of the Government Code is amended
34 to read:

35 53114.2. On or before December 31, 1976, and each
36 even-numbered year thereafter, after consultation with all agencies
37 specified in Section 53114.1, the office shall review and update
38 technical and operational standards for public agency systems.

1 ~~SEC. 103.~~

2 *SEC. 100.* Section 53115 of the Government Code is amended
3 to read:

4 53115. The office shall monitor all emergency telephone
5 systems to ensure they comply with minimal operational and
6 technical standards as established by the office. If any system does
7 not comply the office shall notify in writing the public agency or
8 agencies operating the system of its deficiencies. The public agency
9 shall bring the system into compliance with the operational and
10 technical standards within 60 days of notice by the office. Failure
11 to comply within this time shall subject the public agency to action
12 by the Attorney General pursuant to Section 53116.

13 ~~SEC. 104.~~ Section 53115.1 of the Government Code is amended
14 to read:

15 ~~53115.1. (a) There is in state government the State 911~~
16 ~~Advisory Board.~~

17 ~~(b) The advisory board shall be comprised of the following~~
18 ~~members appointed by the Governor who shall serve at the pleasure~~
19 ~~of the Governor.~~

20 ~~(1) The Chief of the California 911 Emergency Communications~~
21 ~~Office shall serve as the nonvoting chair of the board.~~

22 ~~(2) One representative from the Department of the California~~
23 ~~Highway Patrol.~~

24 ~~(3) Two representatives on the recommendation of the California~~
25 ~~Police Chiefs Association.~~

26 ~~(4) Two representatives on the recommendation of the California~~
27 ~~State Sheriffs' Association.~~

28 ~~(5) Two representatives on the recommendation of the California~~
29 ~~Fire Chiefs Association.~~

30 ~~(6) Two representatives on the recommendation of the CalNENA~~
31 ~~Executive Board.~~

32 ~~(7) One representative on the joint recommendation of the~~
33 ~~executive boards of the state chapters of the Association of~~
34 ~~Public-Safety Communications Officials-International, Inc.~~

35 ~~(e) Recommending authorities shall give great weight and~~
36 ~~consideration to the knowledge, training, and expertise of the~~
37 ~~appointee with respect to their experience within the California~~
38 ~~911 system. Board members should have at least two years of~~
39 ~~experience as a Public Safety Answering Point (PSAP) manager~~

1 or county coordinator, except where a specific person is designated
2 as a member.

3 ~~(d) Members of the advisory board shall serve at the pleasure~~
4 ~~of the Governor, but may not serve more than two consecutive~~
5 ~~two-year terms, except as follows:~~

6 ~~(1) The presiding Chief of the California 911 Emergency~~
7 ~~Communications Office shall serve for the duration of his or her~~
8 ~~tenure.~~

9 ~~(2) Four of the members shall serve an initial term of three years.~~

10 ~~(e) Advisory board members shall not receive compensation~~
11 ~~for their service on the board, but may be reimbursed for travel~~
12 ~~and per diem for time spent in attending meetings of the board.~~

13 ~~(f) The advisory board shall meet quarterly in public sessions~~
14 ~~in accordance with the Bagley-Keene Open Meeting Act (Article~~
15 ~~9 (commencing with Section 11120) of Chapter 2 of Part 1 of~~
16 ~~Division 3 of Title 2). The office shall provide administrative~~
17 ~~support to the State 911 Advisory Board. The State 911 Advisory~~
18 ~~Board, at its first meeting, shall adopt bylaws and operating~~
19 ~~procedures consistent with this article and establish committees~~
20 ~~as necessary.~~

21 ~~(g) Notwithstanding any other provision of law, any member~~
22 ~~of the advisory board may designate a person to act as that member~~
23 ~~in his or her place and stead for all purposes, as though the member~~
24 ~~were personally present.~~

25 ~~SEC. 105.~~

26 *SEC. 101.* Section 53115.2 of the Government Code is amended
27 to read:

28 53115.2. (a) The State 911 Advisory Board shall advise the
29 office on all of the following subjects:

30 (1) Policies, practices, and procedures for the California 911
31 Emergency Communications Office.

32 (2) Technical and operational standards for the California 911
33 system consistent with the National Emergency Number
34 Association (NENA) standards.

35 (3) Training standards for county coordinators and Public Safety
36 Answering Point (PSAP) managers.

37 (4) Budget, funding, and reimbursement decisions related to
38 the State Emergency Number Account.

39 (5) Proposed projects and studies conducted or funded by the
40 State Emergency Number Account.

1 (6) Expediting the rollout of Enhanced 911 Phase II technology.
2 (b) Upon request of a local public agency, the board shall
3 conduct a hearing on any conflict between a local public agency
4 and the office regarding a final plan that has not been approved
5 by the office pursuant to Section 53114. The board shall meet
6 within 30 days following the request, and shall make a
7 recommendation to resolve the conflict to the office within 90 days
8 following the initial hearing by the board pursuant to the request.

9 ~~SEC. 106.~~

10 *SEC. 102.* Section 53115.3 of the Government Code is amended
11 to read:

12 53115.3. When proposed implementation of the 911 system
13 by a single public agency within its jurisdiction may adversely
14 affect the implementation of the system by a neighboring public
15 agency or agencies, such neighboring public agency may request
16 that the office evaluate the impact of implementation by the
17 proposing public agency and evaluate and weigh that impact in its
18 decision to approve or disapprove the proposing public agency's
19 final plan pursuant to Section 53115. In order to effectuate this
20 process, each city shall file a notice of filing of its final plan with
21 each adjacent city and with the county in which the proposing
22 public agency is located at the same time such final plan is filed
23 with the office and each county shall file a notice of filing of its
24 final plan with each city within the county and each adjacent county
25 at the time the final plan is filed with the office. Any public agency
26 wishing to request review pursuant to this section shall file its
27 request with the office within 30 days of filing of the final plan
28 for which review is sought.

29 ~~SEC. 107.~~

30 *SEC. 103.* Section 53116 of the Government Code is amended
31 to read:

32 53116. The Attorney General may, on behalf of the office or
33 on his or her own initiative, commence judicial proceedings to
34 enforce compliance by any public agency or public utility providing
35 telephone service with the provisions of this article.

36 ~~SEC. 108.~~

37 *SEC. 104.* Section 53119 of the Government Code is amended
38 to read:

39 53119. Any telephone corporation serving rural telephone areas
40 that cannot currently provide enhanced "911" emergency telephone

1 service capable of selective routing, automatic number
2 identification, or automatic location identification shall present to
3 the office a comprehensive plan detailing a schedule by which
4 those facilities will be converted to be compatible with the
5 enhanced emergency telephone system.

6 ~~SEC. 109.~~

7 *SEC. 105.* Section 53120 of the Government Code is amended
8 to read:

9 53120. The office shall not delay implementation of the
10 enhanced “911” emergency telephone system in those portions of
11 cities or counties, or both, served by a local telephone corporation
12 that has equipment compatible with the enhanced “911” emergency
13 telephone system.

14 ~~SEC. 110.~~ Section 53126.5 of the Government Code is amended
15 to read:

16 ~~53126.5.~~ For purposes of this article, the following definitions
17 apply:

18 (a) ~~“Local public agency” means a city, county, city and county,~~
19 ~~and joint powers authority that provides a public safety answering~~
20 ~~point (PSAP).~~

21 (b) ~~“Nonemergency telephone system” means a system~~
22 ~~structured to provide access to only public safety agencies such~~
23 ~~as police and fire, or a system structured to provide access to public~~
24 ~~safety agencies and to all other services provided by a local public~~
25 ~~agency such as street maintenance and animal control.~~

26 (c) ~~“Public Safety Communications Office” means the Public~~
27 ~~Safety Communications Office within the Department of~~
28 ~~Technology.~~

29 ~~SEC. 111.~~

30 *SEC. 106.* Section 53661 of the Government Code is amended
31 to read:

32 53661. (a) The Commissioner of Business Oversight shall act
33 as Administrator of Local Agency Security and shall be responsible
34 for the administration of Sections 53638, 53651, 53651.2, 53651.4,
35 53651.6, 53652, 53654, 53655, 53656, 53657, 53658, 53659,
36 53660, 53661, 53663, 53664, 53665, 53666, and 53667.

37 (b) The administrator shall have the powers necessary or
38 convenient to administer and enforce the sections specified in
39 subdivision (a).

1 (c) (1) The administrator shall issue regulations consistent with
2 law as the administrator may deem necessary or advisable in
3 executing the powers, duties, and responsibilities assigned by this
4 article. The regulations may include regulations prescribing
5 standards for the valuation, marketability, and liquidity of the
6 eligible securities of the class described in subdivision (m) of
7 Section 53651, regulations prescribing procedures and
8 documentation for adding, withdrawing, substituting, and holding
9 pooled securities, and regulations prescribing the form, content,
10 and execution of any application, report, or other document called
11 for in any of the sections specified in subdivision (a) or in any
12 regulation or order issued under any of those sections.

13 (2) The administrator, for good cause, may waive any provision
14 of any regulation adopted pursuant to paragraph (1) or any order
15 issued under this article, where the provision is not necessary in
16 the public interest.

17 (d) The administrator may enter into any contracts or agreements
18 as may be necessary, including joint underwriting agreements, to
19 sell or liquidate eligible securities securing local agency deposits
20 in the event of the failure of the depository or if the depository
21 fails to pay all or part of the deposits of a local agency.

22 (e) The administrator shall require from every depository a
23 report certified by the agent of depository listing all securities, and
24 the market value thereof, which are securing local agency deposits
25 together with the total deposits then secured by the pool, to
26 determine whether there is compliance with Section 53652. These
27 reports may be required whenever deemed necessary by the
28 administrator, but shall be required at least four times each year
29 at the times designated by the Comptroller of the Currency for
30 reports from national banking associations. These reports shall be
31 filed in the office of the administrator by the depository within 20
32 business days of the date the administrator calls for the report.

33 (f) The administrator may have access to reports of examination
34 made by the Comptroller of the Currency insofar as the reports
35 relate to national banking association trust department activities
36 which are subject to this article.

37 (g) (1) The administrator shall require the immediate
38 substitution of an eligible security, where the substitution is
39 necessary for compliance with Section 53652, if (i) the
40 administrator determines that a security listed in Section 53651 is

1 not qualified to secure public deposits, or (ii) a treasurer, who has
2 deposits secured by the securities pool, provides written notice to
3 the administrator and the administrator confirms that a security in
4 the pool is not qualified to secure public deposits.

5 (2) The failure of a depository to substitute securities, where
6 the administrator has required the substitution, shall be reported
7 by the administrator promptly to those treasurers having money
8 on deposit in that depository and, in addition, shall be reported as
9 follows:

10 (A) When that depository is a national bank, to the Comptroller
11 of the Currency of the United States.

12 (B) When that depository is a state bank, to the Commissioner
13 of Business Oversight.

14 (C) When that depository is a federal association, to the Office
15 of the Comptroller of the Currency.

16 (D) When that depository is a savings association, to the
17 Commissioner of Business Oversight.

18 (E) When that depository is a federal credit union, to the
19 National Credit Union Administration.

20 (F) When that depository is a state credit union or a federally
21 insured industrial loan company, to the Commissioner of Business
22 Oversight.

23 (h) The administrator may require from each treasurer a
24 registration report and at appropriate times a report stating the
25 amount and location of each deposit together with other
26 information deemed necessary by the administrator for effective
27 operation of this article. The facts recited in any report from a
28 treasurer to the administrator are conclusively presumed to be true
29 for the single purpose of the administrator fulfilling responsibilities
30 assigned to him or her by this article and for no other purpose.

31 (i) (1) If, after notice and opportunity for hearing, the
32 administrator finds that any depository or agent of depository has
33 violated or is violating, or that there is reasonable cause to believe
34 that any depository or agent of depository is about to violate, any
35 of the sections specified in subdivision (a) or any regulation or
36 order issued under any of those sections, the administrator may
37 order the depository or agent of depository to cease and desist from
38 the violation or may by order suspend or revoke the authorization
39 of the agent of depository. The order may require the depository

1 or agent of depository to take affirmative action to correct any
2 condition resulting from the violation.

3 (2) (A) If the administrator makes any of the findings set forth
4 in paragraph (1) with respect to any depository or agent of
5 depository and, in addition, finds that the violation or the
6 continuation of the violation is likely to seriously prejudice the
7 interests of treasurers, the administrator may order the depository
8 or agent of depository to cease and desist from the violation or
9 may suspend or revoke the authorization of the agent of depository.
10 The order may require the depository or agent of depository to
11 take affirmative action to correct any condition resulting from the
12 violation.

13 (B) Within five business days after an order is issued under
14 subparagraph (A), the depository or agent of depository may file
15 with the administrator an application for a hearing on the order.
16 The administrator shall schedule a hearing at least 30 days, but
17 not more than 40 days, after receipt of an application for a hearing
18 or within a shorter or longer period of time agreed to by a
19 depository or an agent of depository. If the administrator fails to
20 schedule the hearing within the specified or agreed to time period,
21 the order shall be deemed rescinded. Within 30 days after the
22 hearing, the administrator shall affirm, modify, or rescind the order;
23 otherwise, the order shall be deemed rescinded. The right of a
24 depository or agent of depository to which an order is issued under
25 subparagraph (A) to petition for judicial review of the order shall
26 not be affected by the failure of the depository or agent of
27 depository to apply to the administrator for a hearing on the order
28 pursuant to this subparagraph.

29 (3) Whenever the administrator issues a cease and desist order
30 under paragraph (1) or (2), the administrator may in the order
31 restrict the right of the depository to withdraw securities from a
32 security pool; and, in that event, both the depository to which the
33 order is directed and the agent of depository which holds the
34 security pool shall comply with the restriction.

35 (4) In case the administrator issues an order under paragraph
36 (1) or (2) suspending or revoking the authorization of an agent of
37 depository, the administrator may order the agent of depository at
38 its own expense to transfer all pooled securities held by it to such
39 agent of depository as the administrator may designate in the order.
40 The agent of depository designated in the order shall accept and

1 hold the pooled securities in accordance with this article and
2 regulations and orders issued under this article.

3 (j) In the discretion of the administrator, whenever it appears
4 to the administrator that any person has violated or is violating, or
5 that there is reasonable cause to believe that any person is about
6 to violate, any of the sections specified in subdivision (a) or any
7 regulation or order issued thereunder, the administrator may bring
8 an action in the name of the people of the State of California in
9 the superior court to enjoin the violation or to enforce compliance
10 with those sections or any regulation or order issued thereunder.
11 Upon a proper showing a permanent or preliminary injunction,
12 restraining order, or writ of mandate shall be granted, and the court
13 may not require the administrator to post a bond.

14 (k) In addition to other remedies, the administrator shall have
15 the power and authority to impose the following sanctions for
16 noncompliance with the sections specified in subdivision (a) after
17 a hearing if requested by the party deemed in noncompliance. Any
18 fine assessed pursuant to this subdivision shall be paid within 30
19 days after receipt of the assessment.

20 (1) Assess against and collect from a depository a fine not to
21 exceed two hundred fifty dollars (\$250) for each day the depository
22 fails to maintain with the agent of depository securities as required
23 by Section 53652.

24 (2) Assess against and collect from a depository a fine not to
25 exceed one hundred dollars (\$100) for each day beyond the time
26 period specified in subdivision (b) of Section 53663 the depository
27 negligently or willfully fails to file in the office of the administrator
28 a written report required by that section.

29 (3) Assess against and collect from a depository a fine not to
30 exceed one hundred dollars (\$100) for each day beyond the time
31 period specified in subdivision (e) that a depository negligently or
32 willfully fails to file in the office of the administrator a written
33 report required by that subdivision.

34 (4) Assess and collect from an agent of depository a fine not to
35 exceed one hundred dollars (\$100) for each day the agent of
36 depository fails to comply with any of the applicable sections
37 specified in subdivision (a) or any applicable regulation or order
38 issued thereunder.

39 (l) (1) In the event that a depository or agent of depository fails
40 to pay a fine assessed by the administrator pursuant to subdivision

1 (k) within 30 days of receipt of the assessment, the administrator
2 may assess and collect an additional penalty of 5 percent of the
3 fine for each month or part thereof that the payment is delinquent.

4 (2) If a depository fails to pay the fines or penalties assessed by
5 the administrator, the administrator may notify local agency
6 treasurers with deposits in the depository.

7 (3) If an agent of depository fails to pay the fines or penalties
8 assessed by the administrator, the administrator may notify local
9 agency treasurers who have authorized the agent of depository as
10 provided in Sections 53649 and 53656, and may by order revoke
11 the authorization of the agent of depository as provided in
12 subdivision (i).

13 (m) The amendments to this section enacted by the Legislature
14 during the 1999–2000 Regular Session shall become operative on
15 January 1, 2001.

16 ~~SEC. 112.~~

17 *SEC. 107.* Section 63021.5 of the Government Code is amended
18 to read:

19 63021.5. (a) The bank shall be governed and its corporate
20 power exercised by a board of directors that shall consist of the
21 following persons:

22 (1) The Director of Finance or his or her designee.

23 (2) The Treasurer or his or her designee.

24 (3) The Director of the Governor’s Office of Business and
25 Economic Development or his or her designee, who shall serve as
26 chair of the board.

27 (4) An appointee of the Governor.

28 (5) The Secretary of Transportation or his or her designee.

29 (b) Any designated director shall serve at the pleasure of the
30 designating power.

31 (c) Three of the members shall constitute a quorum and the
32 affirmative vote of three board members shall be necessary for
33 any action to be taken by the board.

34 (d) A member of the board shall not participate in any bank
35 action or attempt to influence any decision or recommendation by
36 any employee of, or consultant to, the bank that involves a sponsor
37 of which he or she is a representative or in which the member or
38 a member of his or her immediate family has a personal financial
39 interest within the meaning of Section 87100. For purposes of this

1 section, “immediate family” means the spouse, children, and
2 parents of the member.

3 (e) Except as provided in this subdivision, the members of the
4 board shall serve without compensation, but shall be reimbursed
5 for actual and necessary expenses incurred in the performance of
6 their duties to the extent that reimbursement for these expenses is
7 not otherwise provided or payable by another public agency, and
8 shall receive one hundred dollars (\$100) for each full day of
9 attending meetings of the authority.

10 ~~SEC. 113.~~

11 *SEC. 108.* Section 65040.12 of the Government Code is
12 amended to read:

13 65040.12. (a) The office shall be the coordinating agency in
14 state government for environmental justice programs.

15 (b) The director shall do all of the following:

16 (1) Consult with the Secretaries of California Environmental
17 Protection, Natural Resources, Transportation, and Business,
18 Consumer Services, and Housing, the Working Group on
19 Environmental Justice established pursuant to Section 71113 of
20 the Public Resources Code, any other appropriate state agencies,
21 and all other interested members of the public and private sectors
22 in this state.

23 (2) Coordinate the office’s efforts and share information
24 regarding environmental justice programs with the Council on
25 Environmental Quality, the United States Environmental Protection
26 Agency, the General Accounting Office, the Office of Management
27 and Budget, and other federal agencies.

28 (3) Review and evaluate any information from federal agencies
29 that is obtained as a result of their respective regulatory activities
30 under federal Executive Order 12898, and from the Working Group
31 on Environmental Justice established pursuant to Section 71113
32 of the Public Resources Code.

33 (c) When it adopts its next edition of the general plan guidelines
34 pursuant to Section 65040.2, but in no case later than July 1, 2003,
35 the office shall include guidelines for addressing environmental
36 justice matters in city and county general plans. The office shall
37 hold at least one public hearing prior to the release of any draft
38 guidelines, and at least one public hearing after the release of the
39 draft guidelines. The hearings may be held at the regular meetings
40 of the Planning Advisory and Assistance Council.

1 (d) The guidelines developed by the office pursuant to
2 subdivision (c) shall recommend provisions for general plans to
3 do all of the following:

4 (1) Propose methods for planning for the equitable distribution
5 of new public facilities and services that increase and enhance
6 community quality of life throughout the community, given the
7 fiscal and legal constraints that restrict the siting of these facilities.

8 (2) Propose methods for providing for the location, if any, of
9 industrial facilities and uses that, even with the best available
10 technology, will contain or produce material that, because of its
11 quantity, concentration, or physical or chemical characteristics,
12 poses a significant hazard to human health and safety, in a manner
13 that seeks to avoid overconcentrating these uses in proximity to
14 schools or residential dwellings.

15 (3) Propose methods for providing for the location of new
16 schools and residential dwellings in a manner that seeks to avoid
17 locating these uses in proximity to industrial facilities and uses
18 that will contain or produce material that because of its quantity,
19 concentration, or physical or chemical characteristics, poses a
20 significant hazard to human health and safety.

21 (4) Propose methods for promoting more livable communities
22 by expanding opportunities for transit-oriented development so
23 that residents minimize traffic and pollution impacts from traveling
24 for purposes of work, shopping, schools, and recreation.

25 (e) For the purposes of this section, “environmental justice”
26 means the fair treatment of people of all races, cultures, and
27 incomes with respect to the development, adoption,
28 implementation, and enforcement of environmental laws,
29 regulations, and policies.

30 ~~SEC. 114.~~

31 *SEC. 109.* Section 91550 of the Government Code is amended
32 to read:

33 91550. There is in state government the California Industrial
34 Development Financing Advisory Commission, consisting of five
35 members, as follows:

36 (a) The Treasurer, who shall serve as chairperson.

37 (b) The Controller.

38 (c) The Director of Finance.

39 (d) The Director of the Governor’s Office of Business and
40 Economic Development.

1 (e) The Commissioner of Business Oversight.
2 Members of the commission may each designate a deputy or
3 employee in his or her agency to act for him or her at all meetings
4 of the commission. The first meeting shall be convened by the
5 Treasurer.

6 ~~SEC. 115.~~

7 *SEC. 110.* Section 99055 of the Government Code is amended
8 to read:

9 99055. (a) Solely for the purpose of authorizing the issuance
10 and sale pursuant to the State General Obligation Bond Law of
11 the bonds authorized by this title and the making of those
12 determinations and the taking of other actions as are authorized
13 by this title, the Economic Recovery Financing Committee is
14 hereby created. For purposes of this title, the Economic Recovery
15 Financing Committee is “the committee” as that term is used in
16 the State General Obligation Bond Law (Chapter 4 (commencing
17 with Section 16720) of Part 3 of Division 4 of Title 2).

18 (b) The committee consists of all of the following members:

19 (1) The Governor or his or her designee.

20 (2) The Director of Finance.

21 (3) The Treasurer.

22 (4) The Controller.

23 (5) The Director of the Governor’s Office of Business and
24 Economic Development.

25 (6) The Director of General Services.

26 (7) The Director of Transportation.

27 (c) Notwithstanding any other provision of law, any member
28 may designate a deputy to act as that member in his or her place
29 and stead for all purposes, as though the member were personally
30 present.

31 (d) The Legislature finds and declares that each member of the
32 committee has previously acted as a member of a similar finance
33 committee.

34 (e) A majority of the members of the committee shall constitute
35 a quorum of the committee and may act for the committee.

36 (f) The Director of Finance shall serve as chairperson of the
37 committee.

38 ~~SEC. 116.~~

39 *SEC. 111.* Section 71.4 of the Harbors and Navigation Code
40 is amended to read:

1 71.4. (a) (1) The division, subject to the approval of the
2 Legislature in accordance with Section 85.2, may make loans to
3 qualified cities, counties, or districts having power to acquire,
4 construct, and operate small craft harbors, for the design, planning,
5 acquisition, construction, improvement, maintenance, or operation
6 of small craft harbors and facilities in connection with the harbors,
7 and connecting waterways, if the division finds that the project is
8 feasible.

9 (2) The minimum annual rate of interest charged by the division
10 for a loan shall be set annually by the division and shall be based
11 on the Pooled Money Investment Account interest rate.

12 (b) The division shall establish, by rules and regulations, policies
13 and standards to be followed in making loans pursuant to this
14 section so as to further the proper development and maintenance
15 of a statewide system of small craft harbors and connecting
16 waterways. To the greatest extent possible, the division shall adhere
17 to customary commercial practices to ensure that loans made
18 pursuant to this section are adequately secured and that the loans
19 are repaid consistent with the terms of the loan agreement. Any
20 rules and regulations shall include policies and standards for
21 restrooms, vessel pumpout facilities, oil recycling facilities, and
22 receptacles for the purpose of separating, reusing, or recycling all
23 solid waste materials.

24 (c) The division shall develop weighing and ranking criteria to
25 qualify and prioritize the public loans.

26 (d) A loan under this section shall be repaid as provided in
27 Section 70.

28 (e) Rates to be charged for the use of the boating facilities shall
29 be established by the city, county, or district, subject to the approval
30 of the division, in every loan contract. The division shall concern
31 itself with the rates charged only as prescribed in Section 71.8.
32 The rates set shall be based on a monthly berthing charge, and the
33 division shall monitor these rates to ensure that the berthing charges
34 are sufficient to ensure timely and complete repayment of the loan.

35 (f) The division shall submit any project for which it
36 recommends any loan be made to the Governor for inclusion in
37 the Budget Bill.

38 (g) The division may restate an existing loan under this article,
39 upon written request by the borrower.

1 ~~SEC. 117.~~

2 *SEC. 112.* Section 71.7 of the Harbors and Navigation Code
3 is amended to read:

4 71.7. Notwithstanding any other provision of this chapter,
5 Section 82, or any contract or agreement to the contrary, loan
6 payments on the loan on behalf of Spud Point Marina in the County
7 of Sonoma, as authorized by Schedule (b)(8) of Item 3680-101-516
8 of Section 2.00 of the Budget Act of 1982, and administered by
9 the division, may be renegotiated by the division and the County
10 of Sonoma, to solve the fiscal problems involving the marina
11 existing on the effective date of this section as enacted during the
12 1994 portion of the 1993–94 Regular Session.

13 ~~SEC. 118.~~

14 *SEC. 113.* Section 72.6 of the Harbors and Navigation Code
15 is amended to read:

16 72.6. Transfers pursuant to Section 70, loans pursuant to
17 Section 71.4, and grants pursuant to Section 72.5 shall be made
18 by the division with the advice of the commission.

19 ~~SEC. 119.~~

20 *SEC. 114.* Section 76.5 of the Harbors and Navigation Code
21 is amended to read:

22 76.5. In processing applications under this article, the division
23 shall give priority to applications from qualified private marina
24 owners who have not received previous loans from the department.
25 If the department finds a proposed loan project is feasible, the loan
26 request shall be submitted to the commission for its advice.

27 ~~SEC. 120.~~

28 *SEC. 115.* Section 76.6 of the Harbors and Navigation Code
29 is amended to read:

30 76.6. Loans made under this article shall include, but are not
31 limited to, the following terms and conditions:

32 (a) The minimum annual rate of interest charged by the division
33 for a loan shall be set annually by the division and shall be a rate
34 equal to 1 percent per annum plus the prime or base rate of interest.

35 (b) The division shall require collateral in a minimum amount
36 of 110 percent of the loan.

37 (c) The repayment period of a loan shall not exceed 20 years,
38 or be longer than the length of the borrower’s leasehold estate,
39 including renewal options, if the loan is based upon a leasehold
40 estate of the borrower.

1 (d) All loans shall amortize the principal over the term of the
2 loan. However, a loan shall become due and payable in full if the
3 borrower sells or otherwise transfers the recreational marina
4 developed with divisional funds, unless the transfer is, by reason
5 of the death of the borrower, to the borrower's heirs.

6 (e) The division's loans shall not be subordinated to any future
7 loans obtained by a private marina owner, except in those cases
8 involving loans acquired for refinancing previous senior loans.

9 (f) The division may allow assumption of loans from the original
10 borrower by future parties, subject to completion of the application
11 process and upon approval by the division.

12 (g) The division may, upon written request by the borrower,
13 restate an existing loan.

14 ~~SEC. 121.~~

15 *SEC. 116.* Section 82 of the Harbors and Navigation Code, as
16 added by Section 2 of Chapter 136 of the Statutes of 2012, is
17 amended to read:

18 82. The division, consistent with Section 82.3, and in
19 furtherance of the public interest and in accordance therewith, shall
20 have only the following duties with respect to the commission:

21 (a) To submit any proposed changes in regulations pertaining
22 to boating functions and responsibilities of the division to the
23 commission for its advice and comment prior to enactment of
24 changes.

25 (b) To submit proposals for transfers pursuant to Section 70,
26 loans pursuant to Section 71.4 or 76.3, and grants pursuant to
27 Section 72.5 to the commission for its advice and comment.

28 (c) To submit any proposed project for which it is making a
29 determination of eligibility for funding from the Harbors and
30 Watercraft Revolving Fund to the commission if that project could
31 have a potentially significant impact on either public health or
32 safety, public access, or the environment for the commission's
33 advice and comment prior to making that determination.

34 (d) To annually submit a report on its budget and expenditures
35 to the commission for its advice and comment.

36 (e) To cause studies and surveys to be made of the need for
37 small craft harbors and connecting waterways throughout the state
38 and the most suitable sites therefore, and submit those studies and
39 surveys to the commission for advice and comment.

1 ~~SEC. 122.~~

2 *SEC. 117.* Section 82.3 of the Harbors and Navigation Code
3 is amended to read:

4 82.3. The commission shall have the following particular duties
5 and responsibilities:

6 (a) To be fully informed regarding all governmental activities
7 affecting programs administered by the division.

8 (b) To meet at least four times per year at various locations
9 throughout the state to receive comments on the implementation
10 of the programs administered by the division and establish an
11 annual calendar of proposed meetings at the beginning of each
12 calendar year. The meetings shall include a public meeting, before
13 the beginning of each funding cycle of a loan and grant program
14 funded from the Harbors and Watercraft Revolving Fund, to collect
15 public input concerning the program, recommendations for program
16 improvements, and specific project needs for the system.

17 (c) To hold a public hearing to receive public comment regarding
18 any proposed project subject to subdivision (c) of Section 82 at a
19 location in close geographic proximity to the proposed project,
20 unless a hearing consistent with federal law or regulation has
21 already been held regarding the project.

22 (d) To consider, upon the request of any owner or tenant whose
23 property is in the vicinity of any proposed project subject to
24 subdivision (c) of Section 82, any alleged adverse impacts
25 occurring on that person’s property from activities undertaken
26 pursuant to this code, and recommend to the division suitable
27 measures for the prevention of any adverse impacts determined
28 by the commission to be occurring, and suitable measures for the
29 restoration of adversely impacted property.

30 (e) To review and comment annually to the division on the
31 proposed budget of expenditures from the revolving fund.

32 (f) To review all proposals for local and regional waterways,
33 piers, harbors, docks, or other recreational areas that have applied
34 for grant or loan funds from the division prior to a final
35 determination of eligibility by the division.

36 (g) (1) With support and assistance from the division, to prepare
37 and submit a program report to the Governor, the Assembly
38 Committee on Water, Parks and Wildlife, the Senate Committee
39 on Natural Resources and Water, the Senate Committee on
40 Appropriations, and the Assembly Committee on Appropriations

1 on or before January 1, 2013, and every three years thereafter. The
2 report shall be adopted by the commission after discussing the
3 contents during two or more public meetings. The report shall
4 address the status of any regulations adopted or being considered
5 by the division and any loan or grant that has been or is being
6 considered for a determination of eligibility by the division pending
7 the previous report.

8 (2) A report required to be submitted pursuant to paragraph (1)
9 shall be submitted in compliance with Section 9795 of the
10 Government Code.

11 ~~SEC. 123.~~

12 *SEC. 118.* Section 40448.6 of the Health and Safety Code is
13 amended to read:

14 40448.6. The Legislature hereby finds and declares all of the
15 following:

16 (a) It is necessary to increase the availability of financial
17 assistance to small businesses that are subject to the rules and
18 regulations of the south coast district, in order to minimize
19 economic dislocation and adverse socioeconomic impacts.

20 (b) It is in the public interest that a portion of the funds collected
21 by the south coast district from violators of air pollution regulations
22 be allocated for the purpose of guaranteeing or otherwise reducing
23 the financial risks of providing financial assistance to small
24 businesses which face increased borrowing requirements in order
25 to comply with air pollution control requirements.

26 (c) Public agencies and private lenders have a variety of methods
27 available for providing financing assistance to small businesses
28 and other employers, including taxable bonds, composite or pooled
29 financing instruments, loan guarantees, and credit insurance, which
30 could be utilized in combination with the penalties collected by
31 the south coast district to expand the availability and reduce the
32 cost of financing assistance.

33 (d) The California Pollution Control Financing Authority has
34 funds set aside from previous bond issues, which could be used to
35 guarantee the issuance of bonds or other financing for small
36 businesses for the purchase and installation of pollution control
37 equipment.

38 (e) The Governor's Office of Business and Economic
39 Development, through the small business financial development
40 corporations established pursuant to Chapter 1 (commencing with

1 Section 14000) of Part 5 of Division 3 of Title 1 of the
2 Corporations Code, has the ability to provide state loan guarantees
3 and technical assistance to small businesses needing financial
4 assistance.

5 (f) The Job Training Partnership Division of the Employment
6 Development Department makes funds available for job training
7 programs, including funds for dislocated workers, through the
8 federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.).

9 (g) It is the policy of the state that the Job Training Partnership
10 Division of the Employment Development Department, in
11 cooperation with the districts and the state board, are encouraged
12 to provide job training programs for workers who, as determined
13 by the department or the local private industry council, have been
14 laid off or dislocated as a result of actions resulting from air quality
15 regulations.

16 (h) It is the policy of the state that the California Pollution
17 Control Financing Authority and other state agencies implementing
18 small business assistance programs, in cooperation with the districts
19 and the state board, are encouraged to provide technical and
20 financial assistance to small businesses to facilitate compliance
21 with air quality regulations.

22 ~~SEC. 124.~~

23 *SEC. 119.* Section 44272 of the Health and Safety Code is
24 amended to read:

25 44272. (a) The Alternative and Renewable Fuel and Vehicle
26 Technology Program is hereby created. The program shall be
27 administered by the commission. The commission shall implement
28 the program by regulation pursuant to the requirements of Chapter
29 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
30 Title 2 of the Government Code. The program shall provide, upon
31 appropriation by the Legislature, competitive grants, revolving
32 loans, loan guarantees, loans, or other appropriate funding
33 measures, to public agencies, vehicle and technology entities,
34 businesses and projects, public-private partnerships, workforce
35 training partnerships and collaboratives, fleet owners, consumers,
36 recreational boaters, and academic institutions to develop and
37 deploy innovative technologies that transform California's fuel
38 and vehicle types to help attain the state's climate change policies.
39 The emphasis of this program shall be to develop and deploy

1 technology and alternative and renewable fuels in the marketplace,
2 without adopting any one preferred fuel or technology.

3 (b) A project that receives more than seventy-five thousand
4 dollars (\$75,000) in funds from the commission shall be approved
5 at a noticed public meeting of the commission and shall be
6 consistent with the priorities established by the investment plan
7 adopted pursuant to Section 44272.5. Under this article, the
8 commission may delegate to the commission’s executive director,
9 or his or her designee, the authority to approve either of the
10 following:

11 (1) A contract, grant, loan, or other agreement or award that
12 receives seventy-five thousand dollars (\$75,000) or less in funds
13 from the commission.

14 (2) Amendments to a contract, grant, loan, or other agreement
15 or award as long as the amendments do not increase the amount
16 of the award, change the scope of the project, or modify the purpose
17 of the agreement.

18 (c) The commission shall provide preferences to those projects
19 that maximize the goals of the Alternative and Renewable Fuel
20 and Vehicle Technology Program, based on the following criteria,
21 as applicable:

22 (1) The project’s ability to provide a measurable transition from
23 the nearly exclusive use of petroleum fuels to a diverse portfolio
24 of viable alternative fuels that meet petroleum reduction and
25 alternative fuel use goals.

26 (2) The project’s consistency with existing and future state
27 climate change policy and low-carbon fuel standards.

28 (3) The project’s ability to reduce criteria air pollutants and air
29 toxics and reduce or avoid multimedia environmental impacts.

30 (4) The project’s ability to decrease, on a life cycle basis, the
31 discharge of water pollutants or any other substances known to
32 damage human health or the environment, in comparison to the
33 production and use of California Phase 2 Reformulated Gasoline
34 or diesel fuel produced and sold pursuant to California diesel fuel
35 regulations set forth in Article 2 (commencing with Section 2280)
36 of Chapter 5 of Division 3 of Title 13 of the California Code of
37 Regulations.

38 (5) The project does not adversely impact the sustainability of
39 the state’s natural resources, especially state and federal lands.

1 (6) The project provides nonstate matching funds. Costs incurred
2 from the date a proposed award is noticed may be counted as
3 nonstate matching funds. The commission may adopt further
4 requirements for the purposes of this paragraph. The commission
5 is not liable for costs incurred pursuant to this paragraph if the
6 commission does not give final approval for the project or the
7 proposed recipient does not meet requirements adopted by the
8 commission pursuant to this paragraph.

9 (7) The project provides economic benefits for California by
10 promoting California-based technology firms, jobs, and businesses.

11 (8) The project uses existing or proposed fueling infrastructure
12 to maximize the outcome of the project.

13 (9) The project's ability to reduce on a life cycle assessment
14 greenhouse gas emissions by at least 10 percent, and higher
15 percentages in the future, from current reformulated gasoline and
16 diesel fuel standards established by the state board.

17 (10) The project's use of alternative fuel blends of at least 20
18 percent, and higher blend ratios in the future, with a preference
19 for projects with higher blends.

20 (11) The project drives new technology advancement for
21 vehicles, vessels, engines, and other equipment, and promotes the
22 deployment of that technology in the marketplace.

23 (d) Only the following shall be eligible for funding:

24 (1) Alternative and renewable fuel projects to develop and
25 improve alternative and renewable low-carbon fuels, including
26 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,
27 hydrogen, and biomethane, among others, and their feedstocks
28 that have high potential for long-term or short-term
29 commercialization, including projects that lead to sustainable
30 feedstocks.

31 (2) Demonstration and deployment projects that optimize
32 alternative and renewable fuels for existing and developing engine
33 technologies.

34 (3) Projects to produce alternative and renewable low-carbon
35 fuels in California.

36 (4) Projects to decrease the overall impact of an alternative and
37 renewable fuel's life cycle carbon footprint and increase
38 sustainability.

39 (5) Alternative and renewable fuel infrastructure, fueling
40 stations, and equipment. The preference in paragraph (10) of

1 subdivision (c) shall not apply to renewable diesel or biodiesel
2 infrastructure, fueling stations, and equipment used solely for
3 renewable diesel or biodiesel fuel.

4 (6) Projects to develop and improve light-, medium-, and
5 heavy-duty vehicle technologies that provide for better fuel
6 efficiency and lower greenhouse gas emissions, alternative fuel
7 usage and storage, or emission reductions, including propulsion
8 systems, advanced internal combustion engines with a 40 percent
9 or better efficiency level over the current market standard,
10 light-weight materials, energy storage, control systems and system
11 integration, physical measurement and metering systems and
12 software, development of design standards and testing and
13 certification protocols, battery recycling and reuse, engine and fuel
14 optimization electronic and electrified components, hybrid
15 technology, plug-in hybrid technology, battery electric vehicle
16 technology, fuel cell technology, and conversions of hybrid
17 technology to plug-in technology through the installation of safety
18 certified supplemental battery modules.

19 (7) Programs and projects that accelerate the commercialization
20 of vehicles and alternative and renewable fuels including buy-down
21 programs through near-market and market-path deployments,
22 advanced technology warranty or replacement insurance,
23 development of market niches, supply-chain development, and
24 research related to the pedestrian safety impacts of vehicle
25 technologies and alternative and renewable fuels.

26 (8) Programs and projects to retrofit medium- and heavy-duty
27 onroad and nonroad vehicle fleets with technologies that create
28 higher fuel efficiencies, including alternative and renewable fuel
29 vehicles and technologies, idle management technology, and
30 aerodynamic retrofits that decrease fuel consumption.

31 (9) Infrastructure projects that promote alternative and renewable
32 fuel infrastructure development connected with existing fleets,
33 public transit, and existing transportation corridors, including
34 physical measurement or metering equipment and truck stop
35 electrification.

36 (10) Workforce training programs related to alternative and
37 renewable fuel feedstock production and extraction, renewable
38 fuel production, distribution, transport, and storage,
39 high-performance and low-emission vehicle technology and high
40 tower electronics, automotive computer systems, mass transit fleet

1 conversion, servicing, and maintenance, and other sectors or
2 occupations related to the purposes of this chapter.

3 (11) Block grants or incentive programs administered by public
4 entities or not-for-profit technology entities for multiple projects,
5 education and program promotion within California, and
6 development of alternative and renewable fuel and vehicle
7 technology centers. The commission may adopt guidelines for
8 implementing the block grant or incentive program, which shall
9 be approved at a noticed public meeting of the commission.

10 (12) Life cycle and multimedia analyses, sustainability and
11 environmental impact evaluations, and market, financial, and
12 technology assessments performed by a state agency to determine
13 the impacts of increasing the use of low-carbon transportation fuels
14 and technologies, and to assist in the preparation of the investment
15 plan and program implementation.

16 (13) A program to provide funding for homeowners who
17 purchase a plug-in electric vehicle to offset costs associated with
18 modifying electrical sources to include a residential plug-in electric
19 vehicle charging station. In establishing this program, the
20 commission shall consider funding criteria to maximize the public
21 benefit of the program.

22 (e) The commission may make a single source or sole source
23 award pursuant to this section for applied research. The same
24 requirements set forth in Section 25620.5 of the Public Resources
25 Code shall apply to awards made on a single source basis or a sole
26 source basis. This subdivision does not authorize the commission
27 to make a single source or sole source award for a project or
28 activity other than for applied research.

29 (f) The commission may do all of the following:

30 (1) Contract with the Treasurer to expend funds through
31 programs implemented by the Treasurer, if the expenditure is
32 consistent with all of the requirements of this article and Article
33 1 (commencing with Section 44270).

34 (2) Contract with small business financial development
35 corporations established by the Governor’s Office of Business and
36 Economic Development to expend funds through the Small
37 Business Loan Guarantee Program if the expenditure is consistent
38 with all of the requirements of this article and Article 1
39 (commencing with Section 44270).

1 (3) Advance funds, pursuant to an agreement with the
2 commission, to any of the following:

3 (A) A public entity.

4 (B) A recipient to enable it to make advance payments to a
5 public entity that is a subrecipient of the funds and under a binding
6 and enforceable subagreement with the recipient.

7 (C) An administrator of a block grant program.

8 ~~SEC. 125. Section 326.3 of the Penal Code is amended to read:~~

9 ~~326.3. (a) The Legislature finds and declares all of the~~
10 ~~following:~~

11 ~~(1) Nonprofit organizations provide important and essential~~
12 ~~educational, philanthropic, and social services to the people of the~~
13 ~~State of California.~~

14 ~~(2) One of the great strengths of California is a vibrant nonprofit~~
15 ~~sector.~~

16 ~~(3) Nonprofit and philanthropic organizations touch the lives~~
17 ~~of every Californian through service and employment.~~

18 ~~(4) Many of these services would not be available if nonprofit~~
19 ~~organizations did not provide them.~~

20 ~~(5) There is a need to provide methods of fundraising to~~
21 ~~nonprofit organizations to enable them to provide these essential~~
22 ~~services.~~

23 ~~(6) Historically, many nonprofit organizations have used~~
24 ~~charitable bingo as one of their key fundraising strategies to~~
25 ~~promote the mission of the charity.~~

26 ~~(7) Legislation is needed to provide greater revenues for~~
27 ~~nonprofit organizations to enable them to fulfill their charitable~~
28 ~~purposes, and especially to meet their increasing social service~~
29 ~~obligations.~~

30 ~~(8) Legislation is also needed to clarify that existing law requires~~
31 ~~that all charitable bingo must be played using a tangible card and~~
32 ~~that the only permissible electronic devices to be used by charitable~~
33 ~~bingo players are card-minding devices.~~

34 ~~(b) Neither the prohibition on gambling in this chapter nor in~~
35 ~~Chapter 10 (commencing with Section 330) applies to any remote~~
36 ~~caller bingo game that is played or conducted in a city, county, or~~
37 ~~city and county pursuant to an ordinance enacted under Section~~
38 ~~19 of Article IV of the California Constitution, if the ordinance~~
39 ~~allows a remote caller bingo game to be played or conducted only~~

1 in accordance with this section, including the following
2 requirements:

3 (1) The game may be conducted only by the following
4 organizations:

5 (A) An organization that is exempted from the payment of the
6 taxes imposed under the Corporation Tax Law by Section 23701a,
7 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or
8 23701w of the Revenue and Taxation Code.

9 (B) A mobilehome park association.

10 (C) A senior citizens organization.

11 (D) Charitable organizations affiliated with a school district.

12 (2) The organization conducting the game shall have been
13 incorporated or in existence for three years or more.

14 (3) The organization conducting the game shall be licensed
15 pursuant to subdivision (l) of Section 326.5.

16 (4) The receipts of the game shall be used only for charitable
17 purposes. The organization conducting the game shall determine
18 the disbursement of the net receipts of the game.

19 (5) The operation of bingo may not be the primary purpose for
20 which the organization is organized.

21 (e) (1) A city, county, or city and county may adopt an
22 ordinance in substantially the following form to authorize remote
23 caller bingo in accordance with the requirements of subdivision
24 (b):

25 -

26 Sec. __.01. Legislative Authorization:

27 This chapter is adopted pursuant to Section 19 of Article IV of
28 the California Constitution, as implemented by Sections 326.3 and
29 326.4 of the Penal Code.

30 Sec. __.02. Remote Caller Bingo Authorized.

31 Remote Caller Bingo may be lawfully played in the [City,
32 County, or City and County] pursuant to the provisions of Sections
33 326.3 and 326.4 of the Penal Code, and this chapter, and not
34 otherwise.

35 Sec. __.03. Qualified Applicants: Applicants for Licensure:

36 (a) The following organizations are qualified to apply to the
37 License Official for a license to operate a bingo game if the receipts
38 of those games are used only for charitable purposes:

39 (1) An organization exempt from the payment of the taxes
40 imposed under the Corporation Tax Law by Section 23701a,

1 ~~23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or~~
2 ~~23701w of the Revenue and Taxation Code.~~

3 ~~(2) A mobilehome park association of a mobilehome park that~~
4 ~~is situated in the [City, County, or City and County].~~

5 ~~(3) Senior citizen organizations.~~

6 ~~(4) Charitable organizations affiliated with a school district.~~

7 ~~(b) The application shall be in a form prescribed by the License~~
8 ~~Official and shall be accompanied by a nonrefundable filing fee~~
9 ~~in an amount determined by resolution of the [Governing Body of~~
10 ~~the City, County, or City and County] from time to time. The~~
11 ~~following documentation shall be attached to the application, as~~
12 ~~applicable:~~

13 ~~(1) A certificate issued by the Franchise Tax Board certifying~~
14 ~~that the applicant is exempt from the payment of the taxes imposed~~
15 ~~under the Corporation Tax Law pursuant to Section 23701a,~~
16 ~~23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or~~
17 ~~23701w of the Revenue and Taxation Code. In lieu of a certificate~~
18 ~~issued by the Franchise Tax Board, the License Official may refer~~
19 ~~to the Franchise Tax Board’s Internet Web site to verify that the~~
20 ~~applicant is exempt from the payment of the taxes imposed under~~
21 ~~the Corporation Tax Law.~~

22 ~~(2) Other evidence as the License Official determines is~~
23 ~~necessary to verify that the applicant is a duly organized~~
24 ~~mobilehome park association of a mobilehome park situated in~~
25 ~~the [City, County, or City and County].~~

26 ~~Sec. __.04. License Application: Verification.~~

27 ~~The license shall not be issued until the License Official has~~
28 ~~verified the facts stated in the application and determined that the~~
29 ~~applicant is qualified.~~

30 ~~Sec. __.05. Annual Licenses.~~

31 ~~A license issued pursuant to this chapter shall be valid until the~~
32 ~~end of the calendar year, at which time the license shall expire. A~~
33 ~~new license shall only be obtained upon filing a new application~~
34 ~~and payment of the license fee. The fact that a license has been~~
35 ~~issued to an applicant creates no vested right on the part of the~~
36 ~~licensee to continue to offer bingo for play. The [Governing Body~~
37 ~~of the City, County, or City and County] expressly reserves the~~
38 ~~right to amend or repeal this chapter at any time by resolution. If~~
39 ~~this chapter is repealed, all licenses issued pursuant to this chapter~~

1 shall cease to be effective for any purpose on the effective date of
2 the repealing resolution.

3 ~~Sec. .06. Conditions of Licensure.~~

4 (a) ~~Any license issued pursuant to this chapter shall be subject~~
5 ~~to the conditions contained in Sections 326.3 and 326.4 of the~~
6 ~~Penal Code, and each licensee shall comply with the requirements~~
7 ~~of those provisions.~~

8 (b) ~~Each license issued pursuant to this chapter shall be subject~~
9 ~~to the following additional conditions:~~

10 (1) ~~Bingo games shall not be conducted by any licensee on more~~
11 ~~than two days during any week, except that a licensee may hold~~
12 ~~one additional game, at its election, in each calendar quarter.~~

13 (2) ~~The licensed organization is responsible for ensuring that~~
14 ~~the conditions of this chapter and Sections 326.3 and 326.4 of the~~
15 ~~Penal Code are complied with by the organization and its officers~~
16 ~~and members. A violation of any one or more of those conditions~~
17 ~~or provisions shall constitute cause for the revocation of the~~
18 ~~organization's license. At the request of the organization, the~~
19 ~~{Governing Body of the City, County, or City and County} shall~~
20 ~~hold a public hearing before revoking any license issued pursuant~~
21 ~~to this chapter.~~

22 -

23 (3) ~~This section shall not require a city, county, or city and~~
24 ~~county to use this model ordinance in order to authorize remote~~
25 ~~caller bingo.~~

26 (e) ~~It is a misdemeanor for any person to receive or pay a profit,~~
27 ~~wage, or salary from any remote caller bingo game, provided that~~
28 ~~administrative, managerial, technical, financial, and security~~
29 ~~personnel employed by the organization conducting the bingo~~
30 ~~game may be paid reasonable fees for services rendered from the~~
31 ~~revenues of bingo games, as provided in subdivision (m), except~~
32 ~~that fees paid under those agreements shall not be determined as~~
33 ~~a percentage of receipts or other revenues from, or be dependent~~
34 ~~on the outcome of, the game.~~

35 (d) ~~A violation of subdivision (d) shall be punishable by a fine~~
36 ~~not to exceed ten thousand dollars (\$10,000), which fine shall be~~
37 ~~deposited in the general fund of the city, county, or city and county~~
38 ~~that enacted the ordinance authorizing the remote caller bingo~~
39 ~~game. A violation of any provision of this section, other than~~
40 ~~subdivision (d), is a misdemeanor.~~

1 ~~(e) The city, county, or city and county that enacted the~~
2 ~~ordinance authorizing the remote caller bingo game, or the Attorney~~
3 ~~General, may bring an action to enjoin a violation of this section.~~

4 ~~(f) No minors shall be allowed to participate in any remote caller~~
5 ~~bingo game.~~

6 ~~(g) A remote caller bingo game shall not include any site that~~
7 ~~is not located within this state.~~

8 ~~(h) An organization authorized to conduct a remote caller bingo~~
9 ~~game pursuant to subdivision (b) shall conduct the game only on~~
10 ~~property that is owned or leased by the organization, or the use of~~
11 ~~which is donated to the organization. This subdivision shall not~~
12 ~~be construed to require that the property that is owned or leased~~
13 ~~by, or the use of which is donated to, the organization be used or~~
14 ~~leased exclusively by, or donated exclusively to, that organization.~~

15 ~~(i) (1) All remote caller bingo games shall be open to the public,~~
16 ~~not just to the members of the authorized organization.~~

17 ~~(2) No more than 750 players may participate in a remote caller~~
18 ~~bingo game in a single location.~~

19 ~~(3) If the Governor of California or the President of the United~~
20 ~~States declares a state of emergency in response to a natural disaster~~
21 ~~or other public catastrophe occurring in California, an organization~~
22 ~~authorized to conduct remote caller bingo games may, while that~~
23 ~~declaration is in effect, conduct a remote caller bingo game~~
24 ~~pursuant to this section with more than 750 participants in a single~~
25 ~~venue if the net proceeds of the game, after deduction of prizes~~
26 ~~and overhead expenses, are donated to or expended exclusively~~
27 ~~for the relief of the victims of the disaster or catastrophe, and the~~
28 ~~organization gives the California Gambling Control Commission~~
29 ~~at least 10 days' written notice of the intent to conduct that game.~~

30 ~~(4) An organization authorized to conduct remote caller bingo~~
31 ~~games shall provide the department with at least 30 days' advance~~
32 ~~written notice of its intent to conduct a remote caller bingo game.~~
33 ~~That notice shall include all of the following:~~

34 ~~(A) The legal name of the organization and the address of record~~
35 ~~of the agent upon whom legal notice may be served.~~

36 ~~(B) The locations of the caller and remote players, whether the~~
37 ~~property is owned by the organization or donated, and if donated,~~
38 ~~by whom.~~

39 ~~(C) The name of the licensed caller and site manager.~~

- 1 ~~(D) The names of administrative, managerial, technical,~~
2 ~~financial, and security personnel employed.~~
- 3 ~~(E) The name of the vendor and any person or entity maintaining~~
4 ~~the equipment used to operate and transmit the game.~~
- 5 ~~(F) The name of the person designated as having a fiduciary~~
6 ~~responsibility for the game pursuant to paragraph (2) of subdivision~~
7 ~~(k).~~
- 8 ~~(G) The license numbers of all persons specified in~~
9 ~~subparagraphs (A) to (F), inclusive, who are required to be licensed.~~
- 10 ~~(H) A copy of the local ordinance for any city, county, or city~~
11 ~~and county in which the game will be played. The department shall~~
12 ~~post the ordinance on its Internet Web site.~~
- 13 ~~(j) (1) A remote caller bingo game shall be operated and staffed~~
14 ~~only by members of the authorized organization that organized it.~~
15 ~~Those members shall not receive a profit, wage, or salary from~~
16 ~~any remote caller bingo game. Only the organization authorized~~
17 ~~to conduct a remote caller bingo game shall operate that game, or~~
18 ~~participate in the promotion, supervision, or any other phase of a~~
19 ~~remote caller bingo game. Subject to the provisions of subdivision~~
20 ~~(m), this subdivision shall not preclude the employment of~~
21 ~~administrative, managerial, technical, financial, or security~~
22 ~~personnel who are not members of the authorized organization at~~
23 ~~a location participating in the remote caller bingo game by the~~
24 ~~organization conducting the game. Notwithstanding any other~~
25 ~~provision of law, exclusive or other agreements between the~~
26 ~~authorized organization and other entities or persons to provide~~
27 ~~services in the administration, management, or conduct of the game~~
28 ~~shall not be considered a violation of the prohibition against~~
29 ~~holding a legally cognizable financial interest in the conduct of~~
30 ~~the remote caller bingo game by persons or entities other than the~~
31 ~~charitable organization, or other entity authorized to conduct the~~
32 ~~remote caller bingo games, provided that those persons or entities~~
33 ~~obtain the gambling licenses, the key employee licenses, or the~~
34 ~~work permits required by, and otherwise comply with, Chapter 5~~
35 ~~(commencing with Section 19800) of Division 8 of the Business~~
36 ~~and Professions Code. Fees to be paid under any such agreements~~
37 ~~shall be reasonable and shall not be determined as a percentage of~~
38 ~~receipts or other revenues from, or be dependent on the outcome~~
39 ~~of, the game.~~

1 ~~(2) An organization that conducts a remote caller bingo game~~
2 ~~shall designate a person as having fiduciary responsibility for the~~
3 ~~game.~~

4 ~~(k) No individual, corporation, partnership, or other legal entity,~~
5 ~~except the organization authorized to conduct or participate in a~~
6 ~~remote caller bingo game, shall hold a legally cognizable financial~~
7 ~~interest in the conduct of such a game.~~

8 ~~(l) An organization authorized to conduct a remote caller bingo~~
9 ~~game pursuant to this section shall not have overhead costs~~
10 ~~exceeding 20 percent of gross sales, except that the limitations of~~
11 ~~this section shall not apply to one-time, nonrecurring capital~~
12 ~~acquisitions. For purposes of this subdivision, “overhead costs”~~
13 ~~includes, but is not limited to, amounts paid for rent and equipment~~
14 ~~leasing and the reasonable fees authorized to be paid to~~
15 ~~administrative, managerial, technical, financial, and security~~
16 ~~personnel employed by the organization pursuant to subdivision~~
17 ~~(d). For the purpose of keeping its overhead costs below 20 percent~~
18 ~~of gross sales, an authorized organization may elect to deduct all~~
19 ~~or a portion of the fees paid to financial institutions for the use and~~
20 ~~processing of credit card sales from the amount of gross revenues~~
21 ~~awarded for prizes. In that case, the redirected fees for the use and~~
22 ~~processing of credit card sales shall not be included in “overhead~~
23 ~~costs” as defined in the California Remote Caller Bingo Act.~~
24 ~~Additionally, fees paid to financial institutions for the use and~~
25 ~~processing of credit card sales shall not be deducted from the~~
26 ~~proceeds retained by the charitable organization.~~

27 ~~(m) A person shall not be allowed to participate in a remote~~
28 ~~caller bingo game unless the person is physically present at the~~
29 ~~time and place where the remote caller bingo game is being~~
30 ~~conducted. A person shall be deemed to be physically present at~~
31 ~~the place where the remote caller bingo game is being conducted~~
32 ~~if he or she is present at any of the locations participating in the~~
33 ~~remote caller bingo game in accordance with this section.~~

34 ~~(n) (1) An organization shall not cosponsor a remote caller~~
35 ~~bingo game with one or more other organizations unless one of~~
36 ~~the following is true:~~

37 ~~(A) All of the cosponsors are affiliated under the master charter~~
38 ~~or articles and bylaws of a single organization.~~

1 ~~(B) All of the cosponsors are affiliated through an organization~~
2 ~~described in paragraph (1) of subdivision (b), and have the same~~
3 ~~Internal Revenue Service activity code.~~

4 ~~(2) Notwithstanding paragraph (1), a maximum of 10~~
5 ~~unaffiliated organizations described in paragraph (1) of subdivision~~
6 ~~(b) may enter into an agreement to cosponsor a remote caller game,~~
7 ~~provided that the game shall have not more than 10 locations.~~

8 ~~(3) An organization shall not conduct remote caller bingo more~~
9 ~~than two days per week.~~

10 ~~(4) Before sponsoring or operating any game authorized under~~
11 ~~paragraph (1) or (2), each of the cosponsoring organizations shall~~
12 ~~have entered into a written agreement, a copy of which shall be~~
13 ~~provided to the Department of Justice, setting forth how the~~
14 ~~expenses and proceeds of the game are to be allocated among the~~
15 ~~participating organizations, the bank accounts into which all~~
16 ~~receipts are to be deposited and from which all prizes are to be~~
17 ~~paid, and how game records are to be maintained and subjected to~~
18 ~~annual audit.~~

19 ~~(e) The value of prizes awarded during the conduct of any~~
20 ~~remote caller bingo game shall not exceed 37 percent of the gross~~
21 ~~receipts for that game. When an authorized organization elects to~~
22 ~~deduct fees paid for the use and processing of credit card sales~~
23 ~~from the amount of gross revenues for that game awarded for~~
24 ~~prizes, the maximum amount of gross revenues that may be~~
25 ~~awarded for prizes shall not exceed 37 percent of the gross receipts~~
26 ~~for that game, less the amount of redirected fees paid for the use~~
27 ~~and processing of credit card sales. Every remote caller bingo game~~
28 ~~shall be played until a winner is declared. Progressive prizes are~~
29 ~~prohibited. The declared winner of a remote caller bingo game~~
30 ~~shall provide his or her identifying information and a mailing~~
31 ~~address to the onsite manager of the remote caller bingo game.~~
32 ~~Prizes shall be paid only by check; no cash prizes shall be paid.~~
33 ~~The organization conducting the remote caller bingo game may~~
34 ~~issue a check to the winner at the time of the game, or may send~~
35 ~~a check to the declared winner by United States Postal Service~~
36 ~~certified mail, return receipt requested. All prize money exceeding~~
37 ~~state and federal exemption limits on prize money shall be subject~~
38 ~~to income tax reporting and withholding requirements under~~
39 ~~applicable state and federal laws and regulations and those reports~~
40 ~~and withholding shall be forwarded, within 10 business days, to~~

1 the appropriate state or federal agency on behalf of the winner. A
2 report shall accompany the amount withheld identifying the person
3 on whose behalf the money is being sent. Any game interrupted
4 by a transmission failure, electrical outage, or act of God shall be
5 considered void in the location that was affected. A refund for a
6 canceled game or games shall be provided to the purchasers.

7 ~~(p) (1) The California Gambling Control Commission shall~~
8 regulate remote caller bingo, including, but not limited to, licensure
9 and operation. The commission shall establish reasonable criteria
10 regulating, and shall require the licensure of, the following:

11 ~~(A) Any person who conducts a remote caller bingo game~~
12 ~~pursuant to this section, including, but not limited to, an employee,~~
13 ~~a person having fiduciary responsibility for a remote caller bingo~~
14 ~~game, a site manager, and a bingo caller.~~

15 ~~(B) Any person who directly or indirectly manufactures,~~
16 ~~distributes, supplies, vends, leases, or otherwise provides supplies,~~
17 ~~devices, services, or other equipment designed for use in the~~
18 ~~playing of a remote caller bingo game by any nonprofit~~
19 ~~organization.~~

20 ~~(C) Beginning January 31, 2009, or a later date as may be~~
21 ~~established by the commission, all persons described in~~
22 ~~subparagraph (A) or (B) may submit to the commission a letter of~~
23 ~~intent to submit an application for licensure. The letter shall clearly~~
24 ~~identify the principal applicant, all categories under which the~~
25 ~~application will be filed, and the names of all those particular~~
26 ~~individuals who are applying. Each charitable organization shall~~
27 ~~provide an estimate of the frequency with which it plans to conduct~~
28 ~~remote caller bingo operations, including the number of locations.~~
29 ~~The letter of intent may be withdrawn or updated at any time.~~

30 ~~(2) (A) The Department of Justice shall conduct background~~
31 ~~investigations and conduct field enforcement as it relates to remote~~
32 ~~caller bingo consistent with the Gambling Control Act (Chapter 5~~
33 ~~(commencing with Section 19800) of Division 8 of the Business~~
34 ~~and Professions Code) and as specified in regulations promulgated~~
35 ~~by the commission.~~

36 ~~(B) Fees to cover background investigation costs shall be paid~~
37 ~~and accounted for in accordance with Section 19867 of the~~
38 ~~Business and Professions Code.~~

39 ~~(3) (A) Every application for a license or approval shall be~~
40 ~~submitted to the department and accompanied by a nonrefundable~~

1 ~~fee, the amount of which shall be adopted by the commission by~~
2 ~~regulation.~~

3 ~~(B) Fees and revenue collected pursuant to this paragraph shall~~
4 ~~be deposited in the California Bingo Fund, which is hereby created~~
5 ~~in the State Treasury. The funds deposited in the California Bingo~~
6 ~~Fund shall be available, upon appropriation by the Legislature, for~~
7 ~~expenditure by the commission and the department exclusively~~
8 ~~for the support of the commission and department in carrying out~~
9 ~~their duties and responsibilities under this section and Section~~
10 ~~326.5.~~

11 ~~(C) A loan is hereby authorized from the Gambling Control~~
12 ~~Fund to the California Bingo Fund on or after January 1, 2009, in~~
13 ~~an amount of up to five hundred thousand dollars (\$500,000) to~~
14 ~~fund operating, personnel, and other startup costs incurred by the~~
15 ~~commission relating to this act. Funds from the California Bingo~~
16 ~~Fund shall be available to the commission upon appropriation by~~
17 ~~the Legislature in the annual Budget Act. The loan shall be subject~~
18 ~~to all of the following conditions:~~

19 ~~(i) The loan shall be repaid to the Gambling Control Fund as~~
20 ~~soon as there is sufficient money in the California Bingo Fund to~~
21 ~~repay the amount loaned, but no later than five years after the date~~
22 ~~of the loan.~~

23 ~~(ii) Interest on the loan shall be paid from the California Bingo~~
24 ~~Fund at the rate accruing to moneys in the Pooled Money~~
25 ~~Investment Account.~~

26 ~~(iii) The terms and conditions of the loan are approved, prior~~
27 ~~to the transfer of funds, by the Department of Finance pursuant to~~
28 ~~appropriate fiscal standards.~~

29 ~~The commission may assess, and the department may collect,~~
30 ~~reasonable fees and deposits as necessary to defray the costs of~~
31 ~~regulation and oversight.~~

32 ~~(q) The administrative, managerial, technical, financial, and~~
33 ~~security personnel employed by an organization that conducts~~
34 ~~remote caller bingo games shall apply for, obtain, and thereafter~~
35 ~~maintain valid work permits, as defined in Section 19805 of the~~
36 ~~Business and Professions Code.~~

37 ~~(r) An organization that conducts remote caller bingo games~~
38 ~~shall retain records in connection with the remote caller bingo~~
39 ~~game for five years.~~

1 ~~(s) (1) All equipment used for remote caller bingo shall be~~
2 ~~approved in advance by the Department of Justice pursuant to~~
3 ~~regulations adopted by the department.~~

4 ~~(2) The department shall monitor operation of the transmission~~
5 ~~and other equipment used for remote caller bingo, and monitor the~~
6 ~~game.~~

7 ~~(t) (1) As used in this section, “remote caller bingo game”~~
8 ~~means a game of bingo, as defined in subdivision (o) of Section~~
9 ~~326.5, in which the numbers or symbols on randomly drawn plastic~~
10 ~~balls are announced by a natural person present at the site at which~~
11 ~~the live game is conducted, and the organization conducting the~~
12 ~~bingo game uses audio and video technology to link any of its~~
13 ~~in-state facilities for the purpose of transmitting the remote calling~~
14 ~~of a live bingo game from a single location to multiple locations~~
15 ~~owned, leased, or rented by that organization, or as described in~~
16 ~~subdivision (o) of this section. The audio or video technology used~~
17 ~~to link the facilities may include cable, Internet, satellite,~~
18 ~~broadband, or telephone technology, or any other means of~~
19 ~~electronic transmission that ensures the secure, accurate, and~~
20 ~~simultaneous transmission of the announcement of numbers or~~
21 ~~symbols in the game from the location at which the game is called~~
22 ~~by a natural person to the remote location or locations at which~~
23 ~~players may participate in the game. The drawing of each ball~~
24 ~~bearing a number or symbol by the natural person calling the game~~
25 ~~shall be visible to all players as the ball is drawn, including through~~
26 ~~a simultaneous live video feed at remote locations at which players~~
27 ~~may participate in the game.~~

28 ~~(2) The caller in the live game must be licensed by the California~~
29 ~~Gambling Control Commission. A game may be called by a~~
30 ~~nonlicensed caller if the drawing of balls and calling of numbers~~
31 ~~or symbols by that person is observed and personally supervised~~
32 ~~by a licensed caller.~~

33 ~~(3) Remote caller bingo games shall be played using traditional~~
34 ~~paper or other tangible bingo cards and daubers, and shall not be~~
35 ~~played by using electronic devices, except card-minding devices,~~
36 ~~as described in paragraph (1) of subdivision (p) of Section 326.5.~~

37 ~~(4) Prior to conducting a remote caller bingo game, the~~
38 ~~organization that conducts remote caller bingo shall submit to the~~
39 ~~Department of Justice the controls, methodology, and standards~~
40 ~~of game play, which shall include, but not be limited to, the~~

1 equipment used to select bingo numbers and create or originate
2 cards, control or maintenance, distribution to participating
3 locations, and distribution to players. Those controls,
4 methodologies, and standards shall be subject to prior approval by
5 the department, provided that the controls shall be deemed
6 approved by the department after 90 days from the date of
7 submission unless disapproved.

8 (u) A location shall not be eligible to participate in a remote
9 caller bingo game if bingo games are conducted at that location
10 in violation of Section 326.5 or any regulation adopted by the
11 commission pursuant to Section 19841 of the Business and
12 Professions Code, including, but not limited to, a location at which
13 unlawful electronic devices are used.

14 (v) (1) The vendor of the equipment used in a remote caller
15 bingo game shall have its books and records audited at least
16 annually by an independent California certified public accountant
17 and shall submit the results of that audit to the department within
18 120 days after the close of the vendor's fiscal year. In addition,
19 the department may audit the books and records of the vendor at
20 any time.

21 (2) An authorized organization that conducts remote caller bingo
22 games shall provide copies of the records pertaining to those games
23 to the department within 30 days after the end of each calendar
24 quarter. In addition, those records shall be audited by an
25 independent California certified public accountant at least annually
26 and copies of the audit reports shall be provided to the department
27 within 120 days after the close of the organization's fiscal year.
28 The audit report shall account for the annual amount of fees paid
29 to financial institutions for the use and processing of credit card
30 sales by the authorized organization and the amount of fees for
31 the use and processing of credit card sales redirected from
32 "overhead costs" and deducted from the amount of gross revenues
33 awarded for prizes.

34 (3) The costs of the licensing and audits required by this section
35 shall be borne by the person or entity required to be licensed or
36 audited. The audit shall enumerate the receipts for remote caller
37 bingo, the prizes disbursed, the overhead costs, and the amount
38 retained by the nonprofit organization. The department may audit
39 the books and records of an organization that conducts remote
40 caller bingo games at any time.

1 ~~(4) If, during an audit, the department identifies practices in~~
2 ~~violation of this section, the license for the audited entity may be~~
3 ~~suspended pending review and hearing before the commission for~~
4 ~~a final determination.~~

5 ~~(5) Any audit required to be conducted by the department shall~~
6 ~~not commence before January 1, 2010.~~

7 ~~(w) (1) The provisions of this section are severable. If any~~
8 ~~provision of this section or its application is held invalid, that~~
9 ~~invalidity shall not affect other provisions or applications that can~~
10 ~~be given effect without the invalid provision or application.~~

11 ~~(2) Notwithstanding paragraph (1), if paragraph (1) or (3) of~~
12 ~~subdivision (u), or the application of either of those provisions, is~~
13 ~~held invalid, this entire section shall be invalid.~~

14 ~~(x) The commission shall submit a report to the Legislature, on~~
15 ~~or before January 1, 2012, on the fundraising effectiveness and~~
16 ~~regulation of remote caller bingo, and other matters that are relevant~~
17 ~~to the public interest regarding remote caller bingo.~~

18 ~~(y) The following definitions apply for purposes of this section:~~

19 ~~(1) "Commission" means the California Gambling Control~~
20 ~~Commission.~~

21 ~~(2) "Department" means the Department of Justice.~~

22 ~~(3) "Person" includes a natural person, corporation, limited~~
23 ~~liability company, partnership, trust, joint venture, association, or~~
24 ~~any other business organization.~~

25 *SEC. 120. Section 326.3 of the Penal Code is amended to read:*

26 326.3. (a) The Legislature finds and declares all of the
27 following:

28 (1) Nonprofit organizations provide important and essential
29 educational, philanthropic, and social services to the people of the
30 state.

31 (2) One of the great strengths of California is a vibrant nonprofit
32 sector.

33 (3) Nonprofit and philanthropic organizations touch the lives
34 of every Californian through service and employment.

35 (4) Many of these services would not be available if nonprofit
36 organizations did not provide them.

37 (5) There is a need to provide methods of fundraising to
38 nonprofit organizations to enable them to provide these essential
39 services.

1 (6) Historically, many nonprofit organizations have used
2 charitable bingo as one of their key fundraising strategies to
3 promote the mission of the charity.

4 (7) Legislation is needed to provide greater revenues for
5 nonprofit organizations to enable them to fulfill their charitable
6 purposes, and especially to meet their increasing social service
7 obligations.

8 (8) Legislation is also needed to clarify that existing law requires
9 that all charitable bingo must be played using a tangible card and
10 that the only permissible electronic devices to be used by charitable
11 bingo players are card-minding devices.

12 (b) Neither the prohibition on gambling in this chapter nor in
13 Chapter 10 (commencing with Section 330) applies to any remote
14 caller bingo game that is played or conducted in a city, county, or
15 city and county pursuant to an ordinance enacted under Section
16 19 of Article IV of the California Constitution, if the ordinance
17 allows a remote caller bingo game to be played or conducted only
18 in accordance with this section, including the following
19 requirements:

20 (1) The game may be conducted only by the following
21 organizations:

22 (A) An organization that is exempted from the payment of the
23 taxes imposed under the Corporation Tax Law by Section 23701a,
24 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or
25 23701w of the Revenue and Taxation Code.

26 (B) A mobilehome park association.

27 (C) A senior citizens' organization.

28 (D) Charitable organizations affiliated with a school district.

29 (2) The organization conducting the game shall have been
30 incorporated or in existence for three years or more.

31 (3) The organization conducting the game shall be licensed
32 pursuant to subdivision (l) of Section 326.5.

33 (4) The receipts of the game shall be used only for charitable
34 purposes. The organization conducting the game shall determine
35 the disbursement of the net receipts of the game.

36 (5) The operation of bingo may not be the primary purpose for
37 which the organization is organized.

38 (c) (1) A city, county, or city and county may adopt an
39 ordinance in substantially the following form to authorize remote

1 caller bingo in accordance with the requirements of subdivision
2 (b):

3
4 Sec. .01. Legislative Authorization.

5 This chapter is adopted pursuant to Section 19 of Article IV of
6 the California Constitution, as implemented by Sections 326.3 and
7 326.4 of the Penal Code.

8 Sec. .02. Remote Caller Bingo Authorized.

9 Remote Caller Bingo may be lawfully played in the [City,
10 County, or City and County] pursuant to the provisions of Sections
11 326.3 and 326.4 of the Penal Code, and this chapter, and not
12 otherwise.

13 Sec. .03. Qualified Applicants: Applicants for Licensure.

14 (a) The following organizations are qualified to apply to the
15 License Official for a license to operate a bingo game if the receipts
16 of those games are used only for charitable purposes:

17 (1) An organization exempt from the payment of the taxes
18 imposed under the Corporation Tax Law by Section 23701a,
19 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or
20 23701w of the Revenue and Taxation Code.

21 (2) A mobilehome park association of a mobilehome park that
22 is situated in the [City, County, or City and County].

23 (3) Senior citizen organizations.

24 (4) Charitable organizations affiliated with a school district.

25 (b) The application shall be in a form prescribed by the License
26 Official and shall be accompanied by a nonrefundable filing fee
27 in an amount determined by resolution of the [Governing Body of
28 the City, County, or City and County] from time to time. The
29 following documentation shall be attached to the application, as
30 applicable:

31 (1) A certificate issued by the Franchise Tax Board certifying
32 that the applicant is exempt from the payment of the taxes imposed
33 under the Corporation Tax Law pursuant to Section 23701a,
34 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or
35 23701w of the Revenue and Taxation Code. In lieu of a certificate
36 issued by the Franchise Tax Board, the License Official may refer
37 to the Franchise Tax Board's Internet Web site to verify that the
38 applicant is exempt from the payment of the taxes imposed under
39 the Corporation Tax Law.

1 (2) Other evidence as the License Official determines is
2 necessary to verify that the applicant is a duly organized
3 mobilehome park association of a mobilehome park situated in
4 the [City, County, or City and County].

5 Sec. _.04. License Application: Verification.

6 The license shall not be issued until the License Official has
7 verified the facts stated in the application and determined that the
8 applicant is qualified.

9 Sec. _.05. Annual Licenses.

10 A license issued pursuant to this chapter shall be valid until the
11 end of the calendar year, at which time the license shall expire. A
12 new license shall only be obtained upon filing a new application
13 and payment of the license fee. The fact that a license has been
14 issued to an applicant creates no vested right on the part of the
15 licensee to continue to offer bingo for play. The [Governing Body
16 of the City, County, or City and County] expressly reserves the
17 right to amend or repeal this chapter at any time by resolution. If
18 this chapter is repealed, all licenses issued pursuant to this chapter
19 shall cease to be effective for any purpose on the effective date of
20 the repealing resolution.

21 Sec. _.06. Conditions of Licensure.

22 (a) Any license issued pursuant to this chapter shall be subject
23 to the conditions contained in Sections 326.3 and 326.4 of the
24 Penal Code, and each licensee shall comply with the requirements
25 of those provisions.

26 (b) Each license issued pursuant to this chapter shall be subject
27 to the following additional conditions:

28 (1) Bingo games shall not be conducted by any licensee on more
29 than two days during any week, except that a licensee may hold
30 one additional game, at its election, in each calendar quarter.

31 (2) The licensed organization is responsible for ensuring that
32 the conditions of this chapter and Sections 326.3 and 326.4 of the
33 Penal Code are complied with by the organization and its officers
34 and members. A violation of any one or more of those conditions
35 or provisions shall constitute cause for the revocation of the
36 organization's license. At the request of the organization, the
37 [Governing Body of the City, County, or City and County] shall
38 hold a public hearing before revoking any license issued pursuant
39 to this chapter.

1 (3) ~~Nothing in this~~ This section shall *not* require a city, county,
2 or city and county to use this model ordinance in order to authorize
3 remote caller bingo.

4 (d) It is a misdemeanor for any person to receive or pay a profit,
5 wage, or salary from any remote caller bingo game, provided that
6 administrative, managerial, technical, financial, and security
7 personnel employed by the organization conducting the bingo
8 game may be paid reasonable fees for services rendered from the
9 revenues of bingo games, as provided in subdivision (l), except
10 that fees paid under those agreements shall not be determined as
11 a percentage of receipts or other revenues from, or be dependent
12 on the outcome of, the game.

13 (e) A violation of subdivision (d) shall be punishable by a fine
14 not to exceed ten thousand dollars (\$10,000), which fine shall be
15 deposited in the general fund of the city, county, or city and county
16 that enacted the ordinance authorizing the remote caller bingo
17 game. A violation of any provision of this section, other than
18 subdivision (d), is a misdemeanor.

19 (f) The city, county, or city and county that enacted the
20 ordinance authorizing the remote caller bingo game, or the Attorney
21 General, may bring an action to enjoin a violation of this section.

22 (g) No minors shall be allowed to participate in any remote
23 caller bingo game.

24 (h) A remote caller bingo game shall include only sites that are
25 located within this state.

26 (i) An organization authorized to conduct a remote caller bingo
27 game pursuant to subdivision (b) shall conduct the game only on
28 property that is owned or leased by the organization, or the use of
29 which is donated to the organization. ~~Nothing in this~~ This
30 subdivision shall *not* be construed to require that the property that
31 is owned or leased by, or the use of which is donated to, the
32 organization be used or leased exclusively by, or donated
33 exclusively to, that organization.

34 (j) (1) All remote caller bingo games shall be open to the public,
35 and shall not be limited to the members of the authorized
36 organization.

37 (2) No more than 750 players may participate in a remote caller
38 bingo game in a single location.

39 (3) If the Governor or the President declares a state of
40 emergency in response to a natural disaster or other public

1 catastrophe occurring in California, an organization authorized to
2 conduct remote caller bingo games may, while that declaration is
3 in effect, conduct a remote caller bingo game pursuant to this
4 section with more than 750 participants in a single venue if the net
5 proceeds of the game, after deduction of prizes and overhead
6 expenses, are donated to or expended exclusively for the relief of
7 the victims of the disaster or catastrophe, and the organization
8 gives, for each participating remote caller bingo site, the
9 department and local law enforcement at least 10 days' written
10 notice of the intent to conduct that game.

11 (4) For each participating remote caller bingo site, an
12 organization authorized *by the commission* to conduct remote caller
13 bingo games shall provide the department and local law
14 enforcement with at least 30 days' advance written notice of its
15 intent to conduct a remote caller bingo game. That notice shall
16 include all of the following:

17 (A) The legal name of the organization and the address of record
18 of the agent upon whom legal notice may be served.

19 (B) The locations of the caller and remote players, whether the
20 property is owned by the organization or donated, and if donated,
21 by whom.

22 (C) The name of the licensed caller and site manager.

23 (D) The names of administrative, managerial, technical,
24 financial, and security personnel employed.

25 (E) The name of the vendor and any person or entity maintaining
26 the equipment used to operate and transmit the game.

27 (F) The name of the person designated as having a fiduciary
28 responsibility for the game pursuant to paragraph (2) of subdivision
29 (k).

30 (G) The license numbers of all persons specified in
31 subparagraphs (A) to (F), inclusive, who are required to be licensed.

32 (H) A copy of the local ordinance for any city, county, or city
33 and county in which the game will be played. The ~~commission~~
34 *department* shall post the ordinance on its Internet Web site.

35 (I) A copy of the license issued to the organization by the
36 governing body of the city, county, or city and county pursuant to
37 subdivision (b).

38 (k) (1) A remote caller bingo game shall be operated and staffed
39 only by members of the authorized organization that organized it.
40 Those members shall not receive a profit, wage, or salary from

1 any remote caller bingo game. Only the organization authorized
2 to conduct a remote caller bingo game shall operate that game, or
3 participate in the promotion, supervision, or any other phase of a
4 remote caller bingo game. Subject to subdivision (m), this
5 subdivision shall not preclude the employment of administrative,
6 managerial, technical, financial, or security personnel who are not
7 members of the authorized organization at a location participating
8 in the remote caller bingo game by the organization conducting
9 the game. Notwithstanding any other law, exclusive or other
10 agreements between the authorized organization and other entities
11 or persons to provide services in the administration, management,
12 or conduct of the game shall not be considered a violation of the
13 prohibition against holding a legally cognizable financial interest
14 in the conduct of the remote caller bingo game by persons or
15 entities other than the charitable organization, or other entity
16 authorized to conduct the remote caller bingo games, if those
17 persons or entities obtain the gambling licenses, the key employee
18 licenses, or the work permits required by, and otherwise comply
19 with, Chapter 5 (commencing with Section 19800) of Division 8
20 of the Business and Professions Code. Fees to be paid under those
21 agreements shall be reasonable and shall not be determined as a
22 percentage of receipts or other revenues from, or be dependent on
23 the outcome of, the game.

24 (2) An organization that conducts a remote caller bingo game
25 shall designate a person as having fiduciary responsibility for the
26 game.

27 (l) No individual, corporation, partnership, or other legal entity,
28 except the organization authorized to conduct or participate in a
29 remote caller bingo game, shall hold a legally cognizable financial
30 interest in the conduct of that game.

31 (m) An organization authorized to conduct a remote caller bingo
32 game pursuant to this section shall not have overhead costs
33 exceeding 20 percent of gross sales, except that the limitations of
34 this section shall not apply to one-time, nonrecurring capital
35 acquisitions. For purposes of this subdivision, “overhead costs”
36 includes, but is not limited to, amounts paid for rent and equipment
37 leasing and the reasonable fees authorized to be paid to
38 administrative, managerial, technical, financial, and security
39 personnel employed by the organization pursuant to subdivision
40 (d). For the purpose of keeping its overhead costs below 20 percent

1 of gross sales, an authorized organization may elect to deduct all
2 or a portion of the fees paid to financial institutions for the use and
3 processing of credit card sales from the amount of gross revenues
4 awarded for prizes. In that case, the redirected fees for the use and
5 processing of credit card sales shall not be included in “overhead
6 costs” as defined in the California Remote Caller Bingo Act.
7 Additionally, fees paid to financial institutions for the use and
8 processing of credit card sales shall not be deducted from the
9 proceeds retained by the charitable organization.

10 (n) ~~No~~A person shall *not* be allowed to participate in a remote
11 caller bingo game unless the person is physically present at the
12 time and place where the remote caller bingo game is being
13 conducted. A person shall be deemed to be physically present at
14 the place where the remote caller bingo game is being conducted
15 if he or she is present at any of the locations participating in the
16 remote caller bingo game in accordance with this section.

17 (o) (1) An organization shall not cosponsor a remote caller
18 bingo game with one or more other organizations unless one of
19 the following is true:

20 (A) All of the cosponsors are affiliated under the master charter
21 or articles and bylaws of a single organization.

22 (B) All of the cosponsors are affiliated through an organization
23 described in paragraph (1) of subdivision (b), and have the same
24 Internal Revenue Service activity code.

25 (2) Notwithstanding paragraph (1), a maximum of 10
26 unaffiliated organizations described in paragraph (1) of subdivision
27 (b) may enter into an agreement to cosponsor a remote caller game,
28 but that game shall have no more than 10 locations.

29 (3) An organization shall not conduct remote caller bingo more
30 than two days per week.

31 (4) Before sponsoring or operating any game authorized under
32 paragraph (1) or (2), each of the cosponsoring organizations shall
33 have entered into a written agreement, a copy of which shall be
34 provided to the ~~commission~~, *department*, setting forth how the
35 expenses and proceeds of the game are to be allocated among the
36 participating organizations, the bank accounts into which all
37 receipts are to be deposited and from which all prizes are to be
38 paid, and how game records are to be maintained and subjected to
39 annual audit.

1 (p) The value of prizes awarded during the conduct of any
2 remote caller bingo game shall not exceed 37 percent of the gross
3 receipts for that game. When an authorized organization elects to
4 deduct fees paid for the use and processing of credit card sales
5 from the amount of gross revenues for that game awarded for
6 prizes, the maximum amount of gross revenues that may be
7 awarded for prizes shall not exceed 37 percent of the gross receipts
8 for that game, less the amount of redirected fees paid for the use
9 and processing of credit card sales. Every remote caller bingo game
10 shall be played until a winner is declared. Progressive prizes are
11 prohibited. The declared winner of a remote caller bingo game
12 shall provide his or her identifying information and a mailing
13 address to the onsite manager of the remote caller bingo game.
14 Prizes shall be paid only by check; no cash prizes shall be paid.
15 The organization conducting the remote caller bingo game may
16 issue a check to the winner at the time of the game, or may send
17 a check to the declared winner by United States Postal Service
18 certified mail, return receipt requested. All prize money exceeding
19 state and federal exemption limits on prize money shall be subject
20 to income tax reporting and withholding requirements under
21 applicable state and federal laws and regulations and those reports
22 and withholding shall be forwarded, within 10 business days, to
23 the appropriate state or federal agency on behalf of the winner. A
24 report shall accompany the amount withheld identifying the person
25 on whose behalf the money is being sent. Any game interrupted
26 by a transmission failure, electrical outage, or act of God shall be
27 considered void in the location that was affected. A refund for a
28 canceled game or games shall be provided to the purchasers.

29 (q) (1) The commission shall require the licensure of the
30 following:

31 (A) Any person who contracts to conduct remote caller bingo
32 on behalf of an organization described in subdivision (b) or who
33 is identified as having fiduciary responsibility for the game
34 pursuant to subdivision (k).

35 (B) Any person who directly or indirectly manufactures,
36 distributes, supplies, vends, leases, or otherwise provides supplies,
37 devices, services, or other equipment designed for use in the
38 playing of a remote caller bingo game by any organization
39 described in subdivision (b).

1 (C) Beginning January 31, 2009, or a later date as may be
2 established by the commission, all persons described in
3 subparagraph (A) or (B) may submit to the commission a letter of
4 intent to submit an application for licensure. The letter shall clearly
5 identify the principal applicant, all categories under which the
6 application will be filed, and the names of all those particular
7 individuals who are applying. Each charitable organization shall
8 provide an estimate of the frequency with which it plans to conduct
9 remote caller bingo operations, including the number of locations.
10 The letter of intent may be withdrawn or updated at any time.

11 (2) (A) Background investigations related to remote caller bingo
12 conducted by the department shall be in accordance with the
13 Gambling Control Act (Chapter 5 (commencing with Section
14 19800) of Division 8 of the Business and Professions Code) and
15 as specified in regulations promulgated by the commission or the
16 department.

17 (B) Fees to cover background investigation costs shall be paid
18 and accounted for in accordance with Section 19867 of the
19 Business and Professions Code.

20 (3) (A) Every application for a license or approval by a person
21 described in subparagraph (A) of paragraph (1) shall be submitted
22 to the department and accompanied by a nonrefundable fee, the
23 amount of which shall be adopted by the commission by regulation.
24 *fee.*

25 (B) Fees and revenue collected pursuant to this paragraph shall
26 be deposited in the California Bingo Fund, which is hereby created
27 in the State Treasury. The funds deposited in the California Bingo
28 Fund shall be available, upon appropriation by the Legislature, for
29 expenditure by the commission and the department exclusively
30 for the support of the commission and department in carrying out
31 their duties and responsibilities under this section and Section
32 326.5.

33 (C) A loan is hereby authorized from the Gambling Control
34 Fund to the California Bingo Fund on or after January 1, 2009, in
35 an amount of up to five hundred thousand dollars (\$500,000) to
36 fund operating, personnel, and other startup costs incurred by the
37 commission and department relating to this section. Funds from
38 the California Bingo Fund shall be available to the commission
39 and department upon appropriation by the Legislature in the annual

1 Budget Act. The loan shall be subject to all of the following
2 conditions:

3 (i) The loan shall be repaid to the Gambling Control Fund as
4 soon as there is sufficient money in the California Bingo Fund to
5 repay the amount loaned, but no later than July 1, 2019.

6 (ii) Interest on the loan shall be paid from the California Bingo
7 Fund at the rate accruing to moneys in the Pooled Money
8 Investment Account.

9 (iii) The terms and conditions of the loan are approved, prior
10 to the transfer of funds, by the Department of Finance pursuant to
11 appropriate fiscal standards.

12 The commission and department may assess and collect
13 reasonable fees and deposits as necessary to defray the costs of
14 regulation and oversight.

15 (D) Notwithstanding any other law, the loan authorized by
16 Provision 1 of Item 0855-001-0567 of the Budget Act of 2009, in
17 the amount of four hundred fifty-seven thousand dollars
18 (\$457,000), shall be repaid no later than July 1, 2019.

19 (E) The licensing fee for any person or entity that directly or
20 indirectly manufactures, distributes, supplies, vends, leases, or
21 otherwise provides supplies, devices, services, or other equipment
22 designed for use in the playing of a remote caller bingo game by
23 any nonprofit organization shall be in an amount determined by
24 the department, not to exceed the reasonable regulatory costs to
25 the department and in accordance with regulations adopted pursuant
26 to this chapter. Prior to the adoption of the regulations, the
27 nonrefundable license fee shall be the amount of the reasonable
28 regulatory costs to the department, not to exceed three thousand
29 dollars (\$3,000) per year.

30 (r) The administrative, managerial, technical, financial, and
31 security personnel employed by an organization that conducts
32 remote caller bingo games shall apply for, obtain, and thereafter
33 maintain valid work permits, as defined in Section 19805 of the
34 Business and Professions Code.

35 (s) An organization that conducts remote caller bingo games
36 shall retain records in connection with the remote caller bingo
37 game for five years.

38 (t) (1) All equipment used for remote caller bingo shall be
39 certified as compliant with regulations adopted ~~pursuant to~~
40 ~~subdivision (r) of Section 19841 of the Business and Professions~~

1 ~~Code~~ *by the department* by a manufacturing expert recognized by
2 the department. Certifications shall be submitted to the department
3 prior to the use of any equipment subject to this subdivision.

4 (2) The department may monitor operation of the transmission
5 and other equipment used for remote caller bingo, and monitor the
6 game.

7 (u) (1) As used in this section, “remote caller bingo game”
8 means a game of bingo, as defined in subdivision (o) of Section
9 326.5, in which the numbers or symbols on randomly drawn plastic
10 balls are announced by a natural person present at the site at which
11 the live game is conducted, and the organization conducting the
12 bingo game uses audio and video technology to link any of its
13 in-state facilities for the purpose of transmitting the remote calling
14 of a live bingo game from a single location to multiple locations
15 owned, leased, or rented by that organization, or as described in
16 subdivision (o) of this section. The audio or video technology used
17 to link the facilities may include cable, Internet, satellite,
18 broadband, or telephone technology, or any other means of
19 electronic transmission that ensures the secure, accurate, and
20 simultaneous transmission of the announcement of numbers or
21 symbols in the game from the location at which the game is called
22 by a natural person to the remote location or locations at which
23 players may participate in the game. The drawing of each ball
24 bearing a number or symbol by the natural person calling the game
25 shall be visible to all players as the ball is drawn, including through
26 a simultaneous live video feed at remote locations at which players
27 may participate in the game.

28 (2) The caller in the live game must be licensed by the California
29 Gambling Control Commission. A game may be called by a
30 nonlicensed caller if the drawing of balls and calling of numbers
31 or symbols by that person is observed and personally supervised
32 by a licensed caller.

33 (3) Remote caller bingo games shall be played using traditional
34 paper or other tangible bingo cards and daubers, and shall not be
35 played by using electronic devices, except card-minding devices,
36 as described in paragraph (1) of subdivision (p) of Section 326.5.

37 (4) Prior to conducting a remote caller bingo game, the
38 organization that conducts remote caller bingo shall submit to the
39 department the controls, methodology, and standards of game play,
40 which shall include, but not be limited to, the equipment used to

1 select bingo numbers and create or originate cards, control or
2 maintenance, distribution to participating locations, and distribution
3 to players. Those controls, methodologies, and standards shall be
4 subject to prior approval by the department, provided that the
5 controls shall be deemed approved by the department after 90 days
6 from the date of submission unless disapproved.

7 (v) A location shall not be eligible to participate in a remote
8 caller bingo game if bingo games are conducted at that location
9 in violation of Section 326.5 or any regulation adopted by the
10 commission pursuant to Section 19841 of the Business and
11 Professions Code, including, but not limited to, a location at which
12 unlawful electronic devices are used.

13 (w) (1) The vendor of the equipment used in a remote caller
14 bingo game shall have its books and records audited at least
15 annually by an independent California certified public accountant
16 and shall submit the results of that audit to the department within
17 120 days after the close of the vendor's fiscal year. In addition,
18 the department may audit the books and records of the vendor at
19 any time.

20 (2) An authorized organization that conducts remote caller bingo
21 games shall be audited by an independent California certified
22 public accountant at least annually and copies of the audit reports
23 shall be provided to the department within 60 days of completion
24 of the audit report. A city, county, or city and county shall be
25 provided a full copy of the audit or an audit report upon request.
26 The audit report shall account for the annual amount of fees paid
27 to financial institutions for the use and processing of credit card
28 sales by the authorized organization and the amount of fees for
29 the use and processing of credit card sales redirected from
30 "overhead costs" and deducted from the amount of gross revenues
31 awarded for prizes.

32 (3) The costs of the licensing and audits required by this section
33 shall be borne by the person or entity required to be licensed or
34 audited. The audit shall enumerate the receipts for remote caller
35 bingo, the prizes disbursed, the overhead costs, and the amount
36 retained by the nonprofit organization. The department may audit
37 the books and records of an organization that conducts remote
38 caller bingo games at any time.

1 (4) If the department identifies practices in violation of this
2 section, the license for the audited entity may be suspended pending
3 review and hearing before the commission for a final determination.

4 (x) (1) The provisions of this section are severable. If any
5 provision of this section or its application is held invalid, that
6 invalidity shall not affect other provisions or applications that can
7 be given effect without the invalid provision or application.

8 (2) Notwithstanding paragraph (1), if paragraph (1) or (3) of
9 subdivision (u), or the application of either of those provisions, is
10 held invalid, this entire section shall be invalid.

11 (y) The department shall submit a report to the Legislature, on
12 or before January 1, 2016, on the fundraising effectiveness and
13 regulation of remote caller bingo, and other matters that are relevant
14 to the public interest regarding remote caller bingo.

15 (z) The following definitions apply for purposes of this section:

16 (1) “Commission” means the California Gambling Control
17 Commission.

18 (2) “Department” means the Department of Justice.

19 (3) “Person” includes a natural person, corporation, limited
20 liability company, partnership, trust, joint venture, association, or
21 any other business organization.

22 (aa) This section shall become inoperative on July 1, 2016, and,
23 as of January 1, 2017, is repealed, unless a later enacted statute,
24 that becomes operative on or before January 1, 2017, deletes or
25 extends the dates on which it becomes inoperative and is repealed.

26 ~~SEC. 126.~~

27 *SEC. 121.* Section 326.4 of the Penal Code is amended to read:

28 326.4. (a) Consistent with the Legislature’s finding that
29 card-minding devices, as described in subdivision (p) of Section
30 326.5, are the only permissible electronic devices to be used by
31 charity bingo players, and in an effort to ease the transition to
32 remote caller bingo on the part of those nonprofit organizations
33 that, as of July 1, 2008, used electronic devices other than
34 card-minding devices to conduct games in reliance on an ordinance
35 of a city, county, or city and county that, as of July 1, 2008,
36 expressly recognized the operation of electronic devices other than
37 card-minding devices by organizations purportedly authorized to
38 conduct bingo in the city, county, or city and county, there is
39 hereby created the Charity Bingo Mitigation Fund.

1 (b) The Charity Bingo Mitigation Fund shall be administered
2 by the Department of Justice.

3 (c) Mitigation payments to be made by the Charity Bingo
4 Mitigation Fund shall not exceed five million dollars (\$5,000,000)
5 in the aggregate.

6 (d) (1) To allow the Charity Bingo Mitigation Fund to become
7 immediately operable, five million dollars (\$5,000,000) shall be
8 loaned from the accrued interest in the Indian Gaming Special
9 Distribution Fund to the Charity Bingo Mitigation Fund on or after
10 January 1, 2009, to make mitigation payments to eligible nonprofit
11 organizations. Five million dollars (\$5,000,000) of this loan amount
12 is hereby appropriated to the California Gambling Control
13 Commission for the purposes of providing mitigation payments
14 to certain charitable organizations, as described in subdivision (e).
15 Pursuant to Section 16304 of the Government Code, after three
16 years the unexpended balance shall revert back to the Charity
17 Bingo Mitigation Fund.

18 (2) To reimburse the Special Distribution Fund, those nonprofit
19 organizations that conduct a remote caller bingo game pursuant
20 to Section 326.3 shall pay to the Department of Justice an amount
21 equal to 5 percent of the gross revenues of each remote caller bingo
22 game played until that time as the full advanced amount plus
23 interest on the loan at the rate accruing to moneys in the Pooled
24 Money Investment Account is reimbursed.

25 (e) (1) An organization meeting the requirements in subdivision
26 (a) shall be eligible to receive mitigation payments from the Charity
27 Bingo Mitigation Fund only if the city, county, or city and county
28 in which the organization is located maintained official records of
29 the net revenues generated for the fiscal year ending June 30, 2008,
30 by the organization from the use of electronic devices or the
31 organization maintained audited financial records for the fiscal
32 year ending June 30, 2008, which show the net revenues generated
33 from the use of electronic devices.

34 (2) In addition, an organization applying for mitigation payments
35 shall provide proof that its board of directors has adopted a
36 resolution and its chief executive officer has signed a statement
37 executed under penalty of perjury stating that, as of January 1,
38 2009, the organization has ceased using electronic devices other
39 than card-minding devices, as described in subdivision (p) of
40 Section 326.5, as a fundraising tool.

1 (3) Each eligible organization may apply to the California
2 Gambling Control Commission no later than January 31, 2009,
3 for the mitigation payments in the amount equal to net revenues
4 from the fiscal year ending June 30, 2008, by filing an application,
5 including therewith documents and other proof of eligibility,
6 including any and all financial records documenting the
7 organization's net revenues for the fiscal year ending June 30,
8 2008, as the California Gambling Control Commission may require.
9 The California Gambling Control Commission is authorized to
10 access and examine the financial records of charities requesting
11 funding in order to confirm the legitimacy of the request for
12 funding. In the event that the total of those requests exceeds five
13 million dollars (\$5,000,000), payments to all eligible applicants
14 shall be reduced in proportion to each requesting organization's
15 reported or audited net revenues from the operation of electronic
16 devices.

17 ~~SEC. 127.~~

18 *SEC. 122.* Section 326.5 of the Penal Code is amended to read:

19 326.5. (a) Neither the prohibition on gambling in this chapter
20 nor in Chapter 10 (commencing with Section 330) applies to any
21 bingo game that is conducted in a city, county, or city and county
22 pursuant to an ordinance enacted under Section 19 of Article IV
23 of the State Constitution, if the ordinance allows games to be
24 conducted only in accordance with this section and only by
25 organizations exempted from the payment of the bank and
26 corporation tax by Sections 23701a, 23701b, 23701d, 23701e,
27 23701f, 23701g, 23701k, 23701w, and 23701l of the Revenue and
28 Taxation Code and by mobilehome park associations, senior
29 citizens organizations, and charitable organizations affiliated with
30 a school district; and if the receipts of those games are used only
31 for charitable purposes.

32 (b) It is a misdemeanor for any person to receive or pay a profit,
33 wage, or salary from any bingo game authorized by Section 19 of
34 Article IV of the State Constitution. Security personnel employed
35 by the organization conducting the bingo game may be paid from
36 the revenues of bingo games, as provided in subdivisions (j) and
37 (k).

38 (c) A violation of subdivision (b) shall be punishable by a fine
39 not to exceed ten thousand dollars (\$10,000), which fine is
40 deposited in the general fund of the city, county, or city and county

1 that enacted the ordinance authorizing the bingo game. A violation
2 of any provision of this section, other than subdivision (b), is a
3 misdemeanor.

4 (d) The city, county, or city and county that enacted the
5 ordinance authorizing the bingo game may bring an action to enjoin
6 a violation of this section.

7 (e) Minors shall not be allowed to participate in any bingo game.

8 (f) An organization authorized to conduct bingo games pursuant
9 to subdivision (a) shall conduct a bingo game only on property
10 owned or leased by it, or property whose use is donated to the
11 organization, and which property is used by that organization for
12 an office or for performance of the purposes for which the
13 organization is organized. Nothing in this subdivision shall be
14 construed to require that the property owned or leased by, or whose
15 use is donated to, the organization be used or leased exclusively
16 by, or donated exclusively to, that organization.

17 (g) All bingo games shall be open to the public, not just to the
18 members of the authorized organization.

19 (h) A bingo game shall be operated and staffed only by members
20 of the authorized organization that organized it. Those members
21 shall not receive a profit, wage, or salary from any bingo game.
22 Only the organization authorized to conduct a bingo game shall
23 operate such a game, or participate in the promotion, supervision,
24 or any other phase of a bingo game. This subdivision does not
25 preclude the employment of security personnel who are not
26 members of the authorized organization at a bingo game by the
27 organization conducting the game.

28 (i) Any individual, corporation, partnership, or other legal entity,
29 except the organization authorized to conduct a bingo game, shall
30 not hold a financial interest in the conduct of a bingo game.

31 (j) With respect to organizations exempt from payment of the
32 bank and corporation tax by Section 23701d of the Revenue and
33 Taxation Code, all profits derived from a bingo game shall be kept
34 in a special fund or account and shall not be commingled with any
35 other fund or account. Those profits shall be used only for
36 charitable purposes.

37 (k) With respect to other organizations authorized to conduct
38 bingo games pursuant to this section, all proceeds derived from a
39 bingo game shall be kept in a special fund or account and shall not
40 be commingled with any other fund or account. Proceeds are the

1 receipts of bingo games conducted by organizations not within
2 subdivision (j). Those proceeds shall be used only for charitable
3 purposes, except as follows:

4 (1) The proceeds may be used for prizes.

5 (2) (A) Except as provided in subparagraph (B), a portion of
6 the proceeds, not to exceed 20 percent of the proceeds before the
7 deduction for prizes, or two thousand dollars (\$2,000) per month,
8 whichever is less, may be used for the rental of property and for
9 overhead, including the purchase of bingo equipment,
10 administrative expenses, security equipment, and security
11 personnel.

12 (B) For the purposes of bingo games conducted by the Lake
13 Elsinore Elks Lodge, a portion of the proceeds, not to exceed 20
14 percent of the proceeds before the deduction for prizes, or three
15 thousand dollars (\$3,000) per month, whichever is less, may be
16 used for the rental of property and for overhead, including the
17 purchase of bingo equipment, administrative expenses, security
18 equipment, and security personnel. Any amount of the proceeds
19 that is additional to that permitted under subparagraph (A), up to
20 one thousand dollars (\$1,000), shall be used for the purpose of
21 financing the rebuilding of the facility and the replacement of
22 equipment that was destroyed by fire in 2007. The exception to
23 subparagraph (A) that is provided by this subparagraph shall remain
24 in effect only until the cost of rebuilding the facility is repaid, or
25 January 1, 2019, whichever occurs first.

26 (3) The proceeds may be used to pay license fees.

27 (4) A city, county, or city and county that enacts an ordinance
28 permitting bingo games may specify in the ordinance that if the
29 monthly gross receipts from bingo games of an organization within
30 this subdivision exceed five thousand dollars (\$5,000), a minimum
31 percentage of the proceeds shall be used only for charitable
32 purposes not relating to the conducting of bingo games and that
33 the balance shall be used for prizes, rental of property, overhead,
34 administrative expenses, and payment of license fees. The amount
35 of proceeds used for rental of property, overhead, and
36 administrative expenses is subject to the limitations specified in
37 paragraph (2).

38 (l) (1) A city, county, or city and county may impose a license
39 fee on each organization that it authorizes to conduct bingo games.
40 The fee, whether for the initial license or renewal, shall not exceed

1 fifty dollars (\$50) annually, except as provided in paragraph (2).
2 If an application for a license is denied, one-half of any license
3 fee paid shall be refunded to the organization.

4 (2) In lieu of the license fee permitted under paragraph (1), a
5 city, county, or city and county may impose a license fee of fifty
6 dollars (\$50) paid upon application. If an application for a license
7 is denied, one-half of the application fee shall be refunded to the
8 organization. An additional fee for law enforcement and public
9 safety costs incurred by the city, county, or city and county that
10 are directly related to bingo activities may be imposed and shall
11 be collected monthly by the city, county, or city and county issuing
12 the license; however, the fee shall not exceed the actual costs
13 incurred in providing the service.

14 (m) A person shall not be allowed to participate in a bingo game,
15 unless the person is physically present at the time and place where
16 the bingo game is being conducted.

17 (n) The total value of prizes available to be awarded during the
18 conduct of any bingo games shall not exceed five hundred dollars
19 (\$500) in cash or kind, or both, for each separate game which is
20 held.

21 (o) As used in this section, “bingo” means a game of chance in
22 which prizes are awarded on the basis of designated numbers or
23 symbols that are marked or covered by the player on a tangible
24 card in the player’s possession and that conform to numbers or
25 symbols, selected at random and announced by a live caller.
26 Notwithstanding Section 330c, as used in this section, the game
27 of bingo includes tangible cards having numbers or symbols that
28 are concealed and preprinted in a manner providing for distribution
29 of prizes. Electronics or video displays shall not be used in
30 connection with the game of bingo, except in connection with the
31 caller’s drawing of numbers or symbols and the public display of
32 that drawing, and except as provided in subdivision (p). The
33 winning cards shall not be known prior to the game by any person
34 participating in the playing or operation of the bingo game. All
35 preprinted cards shall bear the legend, “for sale or use only in a
36 bingo game authorized under California law and pursuant to local
37 ordinance.” Only a covered or marked tangible card possessed by
38 a player and presented to an attendant may be used to claim a prize.
39 It is the intention of the Legislature that bingo as defined in this
40 subdivision applies exclusively to this section and shall not be

1 applied in the construction or enforcement of any other provision
2 of law.

3 (p) (1) Players who are physically present at a bingo game may
4 use hand-held, portable card-minding devices, as described in this
5 subdivision, to assist in monitoring the numbers or symbols
6 announced by a live caller as those numbers or symbols are called
7 in a live game. Card-minding devices may not be used in
8 connection with any game where a bingo card may be sold or
9 distributed after the start of the ball draw for that game. A
10 card-minding device shall do all of the following:

11 (A) Be capable of storing in the memory of the device bingo
12 faces of tangible cards purchased by a player.

13 (B) Provide a means for bingo players to input manually each
14 individual number or symbol announced by a live caller.

15 (C) Compare the numbers or symbols entered by the player to
16 the bingo faces previously stored in the memory of the device.

17 (D) Identify winning bingo patterns that exist on the stored
18 bingo faces.

19 (2) A card-minding device shall perform no functions involving
20 the play of the game other than those described in paragraph (1).
21 Card-minding devices shall not do any of the following:

22 (A) Be capable of accepting or dispensing any coins, currency,
23 or other representative of value or on which value has been
24 encoded.

25 (B) Be capable of monitoring any bingo card face other than
26 the faces of the tangible bingo card or cards purchased by the
27 player for that game.

28 (C) Display or represent the game result through any means,
29 including, but not limited to, video or mechanical reels or other
30 slot machine or casino game themes, other than highlighting the
31 winning numbers or symbols marked or covered on the tangible
32 bingo cards or giving an audio alert that the player's card has a
33 prize-winning pattern.

34 (D) Determine the outcome of any game or be physically or
35 electronically connected to any component that determines the
36 outcome of a game or to any other bingo equipment, including,
37 but not limited to, the ball call station, or to any other card-minding
38 device. No other player-operated or player-activated electronic or
39 electromechanical device or equipment is permitted to be used in
40 connection with a bingo game.

1 (3) (A) A card-minding device shall be approved in advance
2 by the department as meeting the requirements of this section and
3 any additional requirements stated in regulations adopted by the
4 department. Any proposed material change to the device, including
5 any change to the software used by the device, shall be submitted
6 to the department and approved by the department prior to
7 implementation.

8 (B) In accordance with Chapter 5 (commencing with Section
9 19800) of Division 8 of the Business and Professions Code, the
10 commission shall establish reasonable criteria for, and require the
11 licensure of, any person that directly or indirectly manufactures,
12 distributes, supplies, vends, leases, or otherwise provides
13 card-minding devices or other supplies, equipment, or services
14 related to card-minding devices designed for use in the playing of
15 bingo games by any nonprofit organization.

16 (C) A person or entity that supplies or services any card-minding
17 device shall meet all licensing requirements established by the
18 commission in regulations.

19 (4) The costs of any testing, certification, license, or
20 determination required by this subdivision shall be borne by the
21 person or entity seeking it.

22 (5) On and after January 1, 2010, the Department of Justice may
23 inspect all card-minding devices at any time without notice, and
24 may immediately prohibit the use of any device that does not
25 comply with the requirements established by the department in
26 regulations. The Department of Justice may at any time, without
27 notice, impound any device the use of which has been prohibited
28 by the commission.

29 (6) The Department of Justice shall issue regulations to
30 implement the requirements of this subdivision, and the California
31 Gambling Control Commission may issue regulations regarding
32 the means by which the operator of a bingo game, as required by
33 applicable law, may offer assistance to a player with disabilities
34 in order to enable that player to participate in a bingo game,
35 provided that the means of providing that assistance shall not be
36 through any electronic, electromechanical, or other device or
37 equipment that accepts the insertion of any coin, currency, token,
38 credit card, or other means of transmitting value, and does not
39 constitute or is not a part of a system that constitutes a video lottery

1 terminal, slot machine, or device prohibited by Chapter 10
2 (commencing with Section 330).

3 (7) The following definitions apply for purposes of this
4 subdivision:

5 (A) “Commission” means the California Gambling Control
6 Commission.

7 (B) “Department” means the Department of Justice.

8 (C) “Person” includes a natural person, corporation, limited
9 liability company, partnership, trust, joint venture, association, or
10 any other business organization.

11 ~~SEC. 128.~~

12 *SEC. 123.* Section 25464 of the Public Resources Code is
13 amended to read:

14 25464. (a) For purposes of this section, the following
15 definitions apply:

16 (1) “Fund” means the Clean and Renewable Energy Business
17 Financing Revolving Loan Fund.

18 (2) “Program” means the Clean and Renewable Energy Business
19 Financing Revolving Loan Program.

20 (b) (1) The commission may use federal funds available
21 pursuant to this chapter to implement the Clean and Renewable
22 Energy Business Financing Revolving Loan Program to provide
23 low interest loans to California clean and renewable energy
24 manufacturing businesses.

25 (2) The commission may use other funding sources to leverage
26 loans awarded under the program.

27 (c) The commission may work directly with the Governor’s
28 Office of Business and Economic Development, the Treasurer, or
29 any other state agency, board, commission, or authority to
30 implement and administer the program, and may contract for
31 private services as needed to implement the program.

32 (d) The commission may collect an application fee from
33 applicants applying for funding under the program to help offset
34 the costs of administering the program.

35 (e) (1) The Clean and Renewable Energy Business Financing
36 Revolving Loan Fund is hereby established in the State Treasury
37 to implement the program. The commission is authorized to
38 administer the fund for this purpose. Notwithstanding Section
39 13340 of the Government Code, the money in the fund is

1 continuously appropriated to the commission, without regard to
2 fiscal years, to implement the program.

3 (2) Upon direction by the commission, the Controller shall create
4 any accounts or subaccounts within the fund that the commission
5 determines are necessary to facilitate management of the fund.

6 (3) The Controller shall disburse and receive moneys in the fund
7 for purposes of the program and as authorized by the commission.

8 (4) All loans and repayments of loans made pursuant to this
9 section, including interest payments, penalty payments, and all
10 interest earning on or accruing to any moneys in the fund, shall be
11 deposited in the fund and shall be available for the purposes of
12 this section.

13 (5) The commission may expend up to 5 percent of moneys in
14 the fund for its administrative costs to implement the program.

15 (f) Federal funds available to the commission pursuant to this
16 chapter shall be transferred to the fund in the loan amounts when
17 loans are awarded under the program by the commission.

18 ~~SEC. 129. Section 41136 of the Revenue and Taxation Code~~
19 ~~is amended to read:~~

20 ~~41136. From the funds in the State Emergency Telephone~~
21 ~~Number Account, a minimum of one-half of 1 percent of the~~
22 ~~charges for intrastate telephone communications and VoIP service~~
23 ~~to which the surcharge applies shall, when appropriated by the~~
24 ~~Legislature, be spent solely for the following purposes:~~

25 ~~(a) To pay refunds authorized by this part.~~

26 ~~(b) To pay the State Board of Equalization for the cost of the~~
27 ~~administration of this part.~~

28 ~~(c) To pay the Department of Technology for its costs in~~
29 ~~administration of the “911” emergency telephone number system.~~

30 ~~(d) To pay bills submitted to the Department of Technology by~~
31 ~~service suppliers or communications equipment companies for the~~
32 ~~installation of, and ongoing expenses for, the following~~
33 ~~communications services supplied to local agencies in connection~~
34 ~~with the “911” emergency phone number system:~~

35 ~~(1) A basic system.~~

36 ~~(2) A basic system with telephone central office identification.~~

37 ~~(3) A system employing automatic call routing.~~

38 ~~(4) Approved incremental costs.~~

1 (e) ~~To pay claims of local agencies for approved incremental~~
 2 ~~costs, not previously compensated for by another governmental~~
 3 ~~agency:~~

4 (f) ~~To pay claims of local agencies for incremental costs and~~
 5 ~~amounts, not previously compensated for by another governmental~~
 6 ~~agency, incurred prior to the effective date of this part, for the~~
 7 ~~installation and ongoing expenses for the following communication~~
 8 ~~services supplied in connection with the “911” emergency~~
 9 ~~telephone number system:~~

10 (1) ~~A basic system:~~

11 (2) ~~A basic system with telephone central office identification:~~

12 (3) ~~A system employing automatic call routing:~~

13 (4) ~~Approved incremental costs. Incremental costs shall not be~~
 14 ~~allowed unless the costs are concurred in by the Department of~~
 15 ~~Technology:~~

16 *SEC. 124. Section 41136 of the Revenue and Taxation Code*
 17 *is amended to read:*

18 ~~41136. Funds in the State Emergency Telephone Number~~
 19 ~~Account shall, when appropriated by the Legislature, be spent~~
 20 ~~solely for the following purposes:~~

21 (a) ~~A~~

22 *41136. From the funds in the State Emergency Telephone*
 23 *Number Account, a minimum of one-half of 1 percent of the*
 24 *charges for intrastate telephone communications services and VoIP*
 25 *service to which the surcharge applies, as follows: shall, when*
 26 *appropriated by the Legislature, be spent solely for the following*
 27 *purposes:*

28 (1)

29 (a) To pay refunds authorized by this part.

30 (2)

31 (b) To pay the State Board of Equalization for the cost of the
 32 administration of this part.

33 (3)

34 (c) To pay the Office of Emergency Services for its costs in
 35 administration of the “911” emergency telephone number system.

36 (4)

37 (d) To pay bills submitted to the Office of Emergency Services
 38 by service suppliers or communications equipment companies for
 39 the installation of, and ongoing expenses for, the following

1 communications services supplied to local agencies in connection
2 with the “911” emergency phone number system:

- 3 ~~(A)~~
- 4 (1) A basic system.
- 5 ~~(B)~~
- 6 (2) A basic system with telephone central office identification.
- 7 ~~(C)~~
- 8 (3) A system employing automatic call routing.
- 9 ~~(D)~~
- 10 (4) Approved incremental costs.
- 11 ~~(5)~~
- 12 (e) To pay claims of local agencies for approved incremental
13 costs, not previously compensated for by another governmental
14 agency.
- 15 ~~(6)~~
- 16 (f) To pay claims of local agencies for incremental costs and
17 amounts, not previously compensated for by another governmental
18 agency, incurred prior to the effective date of this part, for the
19 installation and ongoing expenses for the following communication
20 services supplied in connection with the “911” emergency
21 telephone number system:
 - 22 ~~(A)~~
 - 23 (1) A basic system.
 - 24 ~~(B)~~
 - 25 (2) A basic system with telephone central office identification.
 - 26 ~~(C)~~
 - 27 (3) A system employing automatic call routing.
 - 28 ~~(D)~~
 - 29 (4) Approved incremental costs. Incremental costs shall not be
30 allowed unless the costs are concurred in by the Office of
31 Emergency Services.
 - 32 ~~(b) (1) For the purposes of paragraph (5) of subdivision (a), the~~
33 ~~term incremental costs shall include a maximum of one-quarter of~~
34 ~~1 percent of the charges for intrastate telephone communications~~
35 ~~services and VoIP service to which the surcharge applies for a~~
36 ~~one-time payment to Primary Public Safety Answering Points for~~
37 ~~the cost necessary to recruit and train additional personnel~~
38 ~~necessary to accept wireless enhanced “911” calls from within~~
39 ~~their jurisdiction routed directly to their call centers.~~

1 ~~(2) Funds allocated pursuant to this subdivision shall~~
2 ~~supplement, and not supplant, existing funding for these services.~~

3 ~~SEC. 130.~~

4 ~~SEC. 125.~~ Section 335 of the Unemployment Insurance Code
5 is amended to read:

6 335. The department, in consultation and coordination with
7 the film and movie industry, the Governor’s Office of Business
8 and Economic Development, and the California Film Commission
9 shall do all of the following, contingent upon the appropriation of
10 funds in the annual Budget Act for these specified purposes:

11 (a) Research and maintain data on the employment and output
12 of the film industry, including full-time, part-time, contract, and
13 short duration or single event employees.

14 (b) Examine the ethnic diversity and representation of minorities
15 in the entertainment industry.

16 (c) Determine the overall direct and indirect economic impact
17 of the film industry.

18 (d) Monitor film industry employment and activity in other
19 states and countries that compete with California for film
20 production.

21 (e) Review the effect that federal and state laws and local
22 ordinances have on the filmed entertainment industry.

23 (f) Prepare and release biannually a report to the chairpersons
24 of the appropriate Senate and Assembly policy committees that
25 details the information required by this section.

26 ~~SEC. 131.~~

27 ~~SEC. 126.~~ Section 10200 of the Unemployment Insurance Code
28 is amended to read:

29 10200. The Legislature finds and declares the following:

30 (a) California’s economy is being challenged by competition
31 from other states and overseas. In order to meet this challenge,
32 California’s employers, workers, labor organizations, and
33 government need to invest in a skilled and productive workforce,
34 and in developing the skills of frontline workers. For purposes of
35 this section, “frontline worker” means a worker who directly
36 produces or delivers goods or services.

37 The purpose of this chapter is to establish a strategically designed
38 employment training program to promote a healthy labor market
39 in a growing, competitive economy that shall fund only projects
40 that meet the following criteria:

1 (1) Foster creation of high-wage, high-skilled jobs, or foster
2 retention of high-wage, high-skilled jobs in manufacturing and
3 other industries that are threatened by out-of-state and global
4 competition, including, but not limited to, those industries in which
5 targeted training resources for California’s small and medium-sized
6 business suppliers will increase the state’s competitiveness to
7 secure federal, private sector, and other nonstate funds. In addition,
8 provide for retraining contracts in companies that make a monetary
9 or in-kind contribution to the funded training enhancements.

10 (2) Encourage industry-based investment in human resources
11 development that promotes the competitiveness of California
12 industry through productivity and product quality enhancements.

13 (3) Result in secure jobs for those who successfully complete
14 training. All training shall be customized to the specific
15 requirements of one or more employers or a discrete industry and
16 shall include general skills that trainees can use in the future.

17 (4) Supplement, rather than displace, funds available through
18 existing programs conducted by employers and government-funded
19 training programs, such as the Workforce Investment Act of 1998
20 (29 U.S.C. Sec. 2801 et seq.), the Carl D. Perkins Vocational
21 Education Act (Public Law 98-524), CalWORKs (Chapter 2
22 (commencing with Section 11200) of Part 3 of Division 9 of the
23 Welfare and Institutions Code), the Enterprise Zone Act (Chapter
24 12.8 (commencing with Section 7070) of Division 7 of Title 1 of
25 the Government Code), and the McKinney-Vento Homeless
26 Assistance Act (42 U.S.C. Sec. 11301 et seq.), the California
27 Community Colleges Economic Development Program, or
28 apportionment funds allocated to the community colleges, regional
29 occupational centers and programs, or other local educational
30 agencies. In addition, it is further the intention of the Legislature
31 that programs developed pursuant to this chapter shall not replace,
32 parallel, supplant, compete with, or duplicate in any way already
33 existing approved apprenticeship programs.

34 (b) The Employment Training Panel, in funding projects that
35 meet the requirements of subdivision (a), shall give funding priority
36 to those projects that best meet the following goals:

37 (1) Result in the growth of the California economy by
38 stimulating exports from the state and the production of goods and
39 services that would otherwise be imported from outside the state.

1 (2) Train new employees of firms locating or expanding in the
2 state that provide high-skilled, high-wage jobs and are committed
3 to an ongoing investment in the training of frontline workers.

4 (3) Develop workers with skills that prepare them for the
5 challenges of a high performance workplace of the future.

6 (4) Train workers who have been displaced, have received
7 notification of impending layoff, or are subject to displacement,
8 because of a plant closure, workforce reduction, changes in
9 technology, or significantly increasing levels of international and
10 out-of-state competition.

11 (5) Are jointly developed by business management and worker
12 representatives.

13 (6) Develop career ladders for workers.

14 (7) Promote the retention and expansion of the state's
15 manufacturing workforce.

16 (c) The program established through this chapter is to be
17 coordinated with all existing employment training programs and
18 economic development programs, including, but not limited to,
19 programs such as the Workforce Investment Act of 1998 (29 U.S.C.
20 Sec. 2801 et seq.), the California Community Colleges, the regional
21 occupational programs, vocational education programs, joint
22 labor-management training programs, and related programs under
23 the Employment Development Department and the Governor's
24 Office of Business and Economic Development, and the Business,
25 Consumer Services, and Housing Agency.

26 ~~SEC. 132.~~

27 *SEC. 127.* Section 10202.5 of the Unemployment Insurance
28 Code is amended to read:

29 10202.5. (a) The panel shall consist of eight persons, seven
30 of whom shall be appointed as provided in subdivision (b), and
31 shall have experience and a demonstrated interest in business
32 management and employment relations. The Director of the
33 Governor's Office of Business and Economic Development, or
34 his or her designee, shall also serve on the panel as an ex officio,
35 voting member.

36 (b) (1) Two members of the panel shall be appointed by the
37 Speaker of the Assembly. One of those members shall be a private
38 sector labor representative and the other member shall be a business
39 representative.

1 (2) Two members of the panel shall be appointed by the
2 President pro Tempore of the Senate. One of those members shall
3 be a private sector labor representative and the other member shall
4 be a business representative.

5 (3) Three members of the panel shall be appointed by the
6 Governor. One of those members shall be a private sector labor
7 representative, one member shall be a business representative, and
8 one member shall be a public member.

9 (4) Labor appointments shall be made from nominations from
10 state labor federations. Business appointments shall be made from
11 nominations from state business organizations and business trade
12 associations.

13 (5) The Governor shall designate a member to chair the panel,
14 and the person so designated shall serve as the chair of the panel
15 at the pleasure of the Governor.

16 (c) The appointive members of the panel shall serve for two-year
17 terms.

18 (d) Appointive members of the panel shall receive the necessary
19 traveling and other expenses incurred by them in the performance
20 of their official duties out of appropriations made for the support
21 of the panel. In addition, each appointive member of the panel
22 shall receive one hundred dollars (\$100) for each day attending
23 meetings of the panel, and may receive one hundred dollars (\$100)
24 for each day spent conducting other official business of the panel,
25 but not exceeding a maximum of three hundred dollars (\$300) per
26 month.

27 ~~SEC. 133.~~

28 *SEC. 128.* Section 15002 of the Unemployment Insurance Code
29 is amended to read:

30 15002. (a) The California Workforce Investment Board
31 (CWIB) shall establish a special committee known as the Green
32 Collar Jobs Council (GCJC), comprised of the appropriate
33 representatives from the CWIB existing membership, including
34 the K-12 representative, the California Community Colleges
35 representative, the Governor's Office of Business and Economic
36 Development representative, the Employment Development
37 Department representative, and other appropriate members. The
38 GCJC may consult with other state agencies, other higher education
39 representatives, local workforce investment boards, and industry
40 representatives as well as philanthropic, nongovernmental, and

1 environmental groups, as appropriate, in the development of a
2 strategic initiative. To the extent private funds are available, is the
3 intent of the Legislature that the GCJC will develop an annual
4 award for outstanding achievement for workforce training programs
5 operated by local or state agencies, businesses, or nongovernment
6 organizations to be named after Parrish R. Collins.

7 (b) As part of the strategic initiative, the GCJC shall focus on
8 developing the framework, funding, strategies, programs, policies,
9 partnerships, and opportunities necessary to address the growing
10 need for a highly skilled and well-trained workforce to meet the
11 needs of California's emerging green economy. The GCJC shall
12 do all of the following:

13 (1) Assist in identifying and linking green collar job
14 opportunities with workforce development training opportunities
15 in local workforce investment areas (LWIAs), encouraging regional
16 collaboration among LWIAs to meet regional economic demands.

17 (2) Align workforce development activities with regional
18 economic recovery and growth strategies.

19 (3) Develop public, private, philanthropic, and nongovernmental
20 partnerships to build and expand the state's workforce development
21 programs, network, and infrastructure.

22 (4) Provide policy guidance for job training programs for the
23 clean and green technology sectors to help them prepare specific
24 populations, such as at-risk youth, displaced workers, veterans,
25 formerly incarcerated individuals, and others facing barriers to
26 employment.

27 (5) Develop, collect, analyze, and distribute statewide and
28 regional labor market data on California's new and emerging green
29 industries workforce needs, trends, and job growth.

30 (6) Collaborate with community colleges and other educational
31 institutions, registered apprenticeship programs, business and labor
32 organizations, and community-based and philanthropic
33 organizations to align workforce development services with
34 strategies for regional economic growth.

35 (7) Identify funding resources and make recommendations on
36 how to expand and leverage these funds.

37 (8) Foster regional collaboratives in the green economic sector.

38 (c) The CWIB may accept any revenues, moneys, grants, goods,
39 or services from federal and state entities, philanthropic
40 organizations, and other sources, to be used for purposes relating

1 to the administration and implementation of the strategic initiative,
2 as described in subdivision (b). The CWIB shall also ensure the
3 highest level of transparency and accountability and make
4 information available on the CWIB Internet Web site.

5 (d) Upon appropriation by the Legislature, the department may
6 expend the moneys and revenues received pursuant to subdivision
7 (c) for purposes related to the administration and implementation
8 of the strategic initiative, and for the award of workforce training
9 grants implementing the strategic initiative.

10 ~~SEC. 134.~~

11 *SEC. 129.* This act shall become operative on July 1, 2013,
12 except that Section 12 of this act, amending Section 5405 of the
13 Civil Code, shall become operative on January 1, 2014.

14 ~~SEC. 135.~~

15 *SEC. 130.* This act is an urgency statute necessary for the
16 immediate preservation of the public peace, health, or safety within
17 the meaning of Article IV of the Constitution and shall go into
18 immediate effect. The facts constituting the necessity are:

19 To allow programmatic changes in statute to be operative at the
20 same time the Governor's Reorganization Plan No. 2 of 2012
21 becomes operative, it is necessary that this act take effect
22 immediately.