Senate Bill No. 820

CHAPTER 353

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, 11544, 11546, 11549, 11549.1, 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, 53108.5, 53113, 53114, 53114.2, 53115, 53115.2, 53115.3, 53116, 53119, 53120, 53661, 63021.5, 65040.12, 91550, and 99055 of, 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.

[Approved by Governor September 26, 2013. Filed with Secretary of State September 26, 2013.]

LEGISLATIVE COUNSEL'S DIGEST

SB 820, 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, 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 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 Commissioner of Business Oversight to employ legal counsel 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.

(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.

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

SECTION 1. Section 11003.4 of the Business and Professions Code is amended to read:

11003.4. (a) A "limited-equity housing cooperative" or a "workforce housing cooperative trust" is a corporation that meets the criteria of Section 11003.2 and that also meets the criteria of Sections 817 and 817.1 of the Civil Code, as applicable. Except as provided in subdivision (b), a limited-equity housing or workforce housing cooperative trust shall be subject to all the requirements of this chapter pertaining to stock cooperatives.

(b) A limited-equity housing cooperative or a workforce housing cooperative trust shall be exempt from the requirements of this chapter if the limited-equity housing cooperative or workforce housing cooperative trust complies with all the following conditions:

(1) The United States Department of Housing and Urban Development, the United States Department of Agriculture, the National Consumers Cooperative Bank, the California Housing Finance Agency, the Public Employees' Retirement System (PERS), the State Teachers' Retirement System (STRS), the Department of Housing and Community Development, or the Federal Home Loan Bank System or any of its member institutions, alone or in any combination with each other, or with the city, county, school district, or redevelopment agency in which the cooperative is located, directly finances or subsidizes at least 50 percent of the total construction or development cost or one hundred thousand dollars ($100,000), whichever is less; or the real property to be occupied by the cooperative was sold or leased by the Department of Transportation, other state agency, a city, a county, or a school district for the development of the cooperative and has a regulatory agreement approved by the Department of Housing and Community Development for the term of the permanent financing, notwithstanding the source of the permanent subsidy or financing.

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

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

(A) Assurances for completion of the common areas and facilities to be owned or leased by the limited-equity housing cooperative, unless a

construction agreement between the same parties contains written assurances for completion.

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

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

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

(4) The federal, state, or local public agency that executes the regulatory agreement shall satisfy itself that the bylaws, articles of incorporation, occupancy agreement, subscription agreement, any lease of the regulated premises, any arrangement with partners, and arrangement for membership share accounts provide adequate protection of the rights of cooperative members.

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

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

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

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

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

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

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

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

(e) Notwithstanding subdivision (k) of Section 1798.24 of the Civil Code, a court shall not compel disclosure of personal information in the possession of the department or the commission to any person in any civil proceeding wherein the department or the commission is not a party, except for good cause and upon a showing that the information cannot otherwise be obtained. This section shall not authorize the disclosure of personal information that is otherwise exempt from disclosure.

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

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

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

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

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

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

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

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

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

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

(d) Require owner licensees to report and keep records of transactions, including transactions as determined by the department, involving cash or credit. The regulations may include, without limitation, regulations requiring owner licensees to file with the department reports similar to those required by Sections 5313 and 5314 of Title 31 of the United States Code, and by Sections 103.22 and 103.23 of Title 31 of the Code of Federal Regulations, and any successor provisions thereto, from financial institutions, as defined in Section 5312 of Title 31 of the United States Code and Section 103.11 of Title 31 of the Code of Federal Regulations, and any successor provisions.

(e) Provide for the receipt of protests and written comments on an application by public agencies, public officials, local governing bodies, or

residents of the location of the gambling establishment or future gambling establishment.

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

(g) Govern all of the following:

(1) The extension of credit.

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

(3) The verification of identification in monetary transactions.

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

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

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

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

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

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

(k) Specify standard forms for reporting financial conditions, results of operations, and other relevant financial information.

(*l*) Formulate a uniform code of accounts and accounting classifications to ensure consistency, comparability, and effective disclosure of financial information.

(m) Prescribe intervals at which the information in subdivisions (j) and (k) shall be furnished to the department.

(n) Require audits to be conducted, in accordance with generally accepted auditing standards, of the financial statements of all owner licensees whose annual gross revenues equal or exceed a specified sum. However, nothing herein shall be construed to limit the department's authority to require audits of any owner licensee. Audits, compilations, and reviews provided for in this subdivision shall be made by independent certified public accountants licensed to practice in this state.

(o) Restrict, limit, or otherwise regulate any activity that is related to the conduct of controlled gambling, consistent with the purposes of this chapter.

(p) Define and limit the area, games, hours of operation, number of tables, wagering limits, and equipment permitted, or the method of operation of games and equipment, if the commission, upon the recommendation of, or in consultation with, the department, determines that local regulation of these subjects is insufficient to protect the health, safety, or welfare of residents in geographical areas proximate to a gambling establishment.

(q) Prohibit gambling enterprises from cashing checks drawn against any federal, state, or county fund, including, but not limited to, social security, unemployment insurance, disability payments, or public assistance payments. However, a gambling enterprise shall not be prohibited from cashing any payroll checks or checks for the delivery of goods or services that are drawn against a federal, state, or county fund.

(r) Provide for standards, specifications, and procedures governing the manufacture, distribution, including the sale and leasing, inspection, testing, location, operation, repair, and storage of gambling equipment, and for the licensing of persons engaged in the business of manufacturing, distributing, including the sale and leasing, inspection, testing, repair, and storage of gambling equipment.

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

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

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

A gambling establishment meeting these criteria, in addition to the other requirements of this chapter, may be licensed to operate as a private club gambling establishment until November 30, 2003, or until the ownership or operation of the gambling establishment changes from the ownership or operation as of January 1, 1998, whichever occurs first. Operation of the

gambling establishments after this date shall only be permitted if the local jurisdiction approves an ordinance, pursuant to Sections 19961 and 19962, authorizing the operation of gambling establishments that are open to the public. The commission shall adopt regulations implementing this section. Prior to the commission's issuance of a license to a private club, the department shall ensure that the ownership of the gambling establishment has remained constant since January 1, 1998, and the operation of the gambling establishment has not been leased to any third party.

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

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

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

(1) The name of the proposed licensee.

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

(3) The gambling games proposed to be conducted.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Application for a work permit for use in any jurisdiction where a locally issued work permit is not required by the licensing authority of a city, county, or city and county shall be made to the department, and may be granted or denied for any cause deemed reasonable by the commission. If the commission denies the application, it shall include in its notice of denial a statement of facts upon which it relied in denying the application. Upon receipt of an application for a work permit, the commission may issue a temporary work permit for a period not to exceed 120 days, pending

completion of the background investigation by the department and official action by the commission with respect to the work permit application.

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

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

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

(b) (1) Any fee paid pursuant to this section, including all licenses issued to key employees and other persons whose names are endorsed upon the license, shall be assessed against the gambling license issued to the owner of the gambling establishment. This paragraph shall not apply to key employee licenses issued on and after January 1, 2009, or the implementation of regulations establishing a personal key employee license adopted pursuant to Section 19854, whichever is sooner.

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

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

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

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

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

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

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

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

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

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

(d) Without regard to the number of tables at which games may be played pursuant to a gambling license, if, at any time of any license renewal, or when a licensee is required to pay the fee described in subparagraph (C) of paragraph (2) of subdivision (b) it is determined that the gross revenues of

an owner licensee during the licensee's previous fiscal year fell within the following ranges, the annual fee shall be as follows:

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

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

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

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

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

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

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

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

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

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

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

(b) The commission shall establish reasonable criteria for, and require the licensure and registration of, any person or entity that provides proposition player services at gambling establishments pursuant to this section, including owners, supervisors, and players. Those employed by a third-party provider of proposition player services, including owners, supervisors, observers, and players, shall wear a badge which clearly identifies them as proposition players whenever they are present within a gambling establishment. The commission may impose licensing

requirements, disclosures, approvals, conditions, or limitations as it deems necessary to protect the integrity of controlled gambling in this state, and may assess, and the department may collect, reasonable fees and deposits as necessary to defray the costs of providing this regulation and oversight.

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

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

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

1916.12. (a) The Legislature finds that the economic environment of financial institutions has become increasingly volatile as a result of regulatory revisions enacted by the United States Congress and federal agencies including, but not necessarily limited to, the Comptroller of the Currency, the Federal Home Loan Bank Board, Federal Reserve Board, and the Depository Institutions Deregulation Committee. The Legislature further finds that deposit rate ceilings are being phased out while the cost of and competition for funds have escalated. It is the purpose of this section to maintain the quality of competition between state-licensed and federally regulated financial institutions in the field of mortgage lending, as well as promote the convenience, advantage and best interests of California residents in their pursuit of adequate and available housing. In order to remain competitive and provide the optimum housing environment for the citizens of California, state institutions require the ability to respond in a timely manner to changes in mortgage lending parameters initiated at the federal level. Local regulatory guidelines must promote continued parity between the state and federal levels in order to avoid creation of discriminatory burdens upon state institutions and to protect interests held by California citizens. It is the intent of the Legislature to eliminate past and prevent future inequities between state and federal financial institutions doing business in the State of California by creating a sensitive and responsive mortgage parity procedure.

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

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

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

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

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

SEC. 11. Section 1918.5 of the Civil Code is amended to read:

1918.5. As used in this chapter:

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

(b) "Secretary" means the Secretary of the Business, Consumer Services, and Housing.

(c) "Secretary's designee" means the director of a department within the agency that licenses or regulates the institutions, organizations, or persons engaged in a business related to or affecting compliance with this chapter.

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

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

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

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

(2) The name of the association.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) The Secretary of State shall make the information submitted pursuant to paragraph (5) of subdivision (a) available only for governmental purposes

and only to Members of the Legislature and the Business, Consumer Services, and Housing Agency, upon written request. All other information submitted pursuant to this section shall be subject to public inspection pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code). The information submitted pursuant to this section shall be made available for governmental or public inspection.

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

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

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

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

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

14025. The manager shall do all of the following:

(a) Administer this part.

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

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

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

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

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

SEC. 15. 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 is amended to read:

Article 4. Manager

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

14026. The manager may do all of the following:

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

(b) Hold public hearings.

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

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

(e) Attend board meetings.

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

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

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

14027. The manager shall have the accounts of each corporation formed under this part audited as of the close of business on June 30, of each year. The manager shall also have the portfolio of each corporation audited a minimum of once a year. Material audit exceptions that are not corrected by the corporation within a reasonable period of time may result in the suspension of the corporation pursuant to Section 14028.

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

14028. (a) Upon a finding by the manager that irreparable harm may occur if guarantee authority is not temporarily withdrawn from a corporation, the manager may temporarily withdraw guarantee authority from a corporation. The notice of temporary withdrawal sent to the corporation shall specify the reasons for the action. As used in this section, "guarantee authority" means the authority to make or guarantee any loan that encumbers funds in a trust fund account or the expansion fund. The manager shall make one of the determinations specified in subdivision (c) within 30 days of the effective date of the temporary withdrawal unless the corporation and the manager mutually agree to an extension. The corporation shall have the opportunity to submit written material to the manager addressing the items stated in the temporary withdrawal notice. If the manager does not make any determinations within 30 days, the temporary withdrawal shall be negated. The corporation's yearly contract shall remain in effect during the period of temporary withdrawal, and the corporation shall continue to receive reimbursement of necessary operating expenses.

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

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

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

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

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

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

(1) Terminate the temporary withdrawal.

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

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

(4) Suspend the corporation.

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

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

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

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

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

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

(1) Terminate the action taken by the manager.

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

(3) Affirm the action taken by the manager.

(h) Following suspension, the corporation may continue its existence as a nonprofit corporation pursuant to the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2) but shall no longer be registered with the Secretary of State as a small business

development corporation. A corporation shall not enjoy any of the benefits of a small business development corporation following suspension.

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

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

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

(b) Annually, not later than January 1 of each year commencing January 1, 1996, the manager shall prepare a report regarding the loss experience for the expansion fund for loan guarantees and surety bond guarantees for the preceding fiscal year. At a minimum, the report shall also include data regarding numbers of surety bond and loan guarantees awarded through the expansion fund, including ethnicity and gender data of participating contractors and other entities, and experience of surety insurer participants in the bond guarantee program. The report shall include the information described in Section 14076 of the Corporations Code. The manager shall submit that report to the Governor and the Legislature.

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

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

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

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

14036. The expansion fund and trust fund are created solely for the purpose of receiving state, federal, or local government money, and other public or private money to make loans, guarantees, and restricted investments

pursuant to this article. Funds in the expansion fund may be allocated by the manager, with the approval of the Department of Finance, to the trust fund accounts.

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

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

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

(1) The manager shall reallocate funds based on which corporation is most effectively using its guarantee funds. If funds are withdrawn from a less effective corporation as part of a reallocation, the office shall make that withdrawal only after giving consideration to that corporation's fiscal solvency, its ability to honor loan guarantee defaults, and its ability to maintain a viable presence within the region it serves. Reallocation of funds shall occur no more frequently than once per fiscal year. Any decision made by the manager pursuant to this subdivision may be appealed to the board. The board has authority to repeal or modify any decision to reallocate funds.

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

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

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

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

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

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

14038. (a) The funds in the expansion fund shall be paid out to trust fund accounts by the Treasurer on warrants drawn by the Controller and requisitioned by the manager, pursuant to the purposes of this chapter. The manager may transfer funds allocated from the expansion fund to accounts, established solely to receive the funds, in lending institutions designated by

the office to act as trustee. The lending institutions so designated shall be approved by the state for the receipt of state deposits. Interest earned on the trust fund accounts in lending institutions may be utilized by the corporations pursuant to the purposes of this chapter.

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

(1) The default record of the corporation.

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

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

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

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

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

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

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

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

14040. Each trust fund account shall consist of a loan guarantee account, and, upon recommendation by the manager, a bond guarantee account, each of which is a legally separate account, and the assets of one account shall not be used to satisfy loan guarantees or other obligations of another corporation. Not more than one-third of a trust fund account shall be allocated to a bond guarantee account. A corporation shall not use trust fund accounts to secure a corporate indebtedness. State funds deposited in the trust fund accounts, with the exception of guarantees established pursuant to this chapter, shall not be subject to liens or encumbrances of the corporation or its creditors.

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

14041. (a) Except as provided in subdivisions (c) and (d) of Section 14070, the trust fund account, shall be used solely to make loans, guarantee bonds, and guarantee loans, approved by the corporation, that meet the California Small Business Development Corporation Law loan criteria. The state shall not be liable or obligated in any way as a result of the allocation of state money to a trust fund account beyond the state money that is

allocated and deposited in the fund pursuant to this chapter, and that is not otherwise withdrawn by the state pursuant to this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) The expansion fund and trust fund accounts shall be used exclusively to guarantee obligations and pay the administrative costs of the corporations. A corporation located in a rural area may utilize the funds for direct lending to farmers as long as at least 90 percent of the corporate fund farm loans, calculated by dollar amount, and all expansion fund farm loans are guaranteed by the United States Department of Agriculture. The amount of funds available for direct farm lending shall be determined by the manager. In its capacity as a direct lender, the corporation may sell in the secondary market the guaranteed portion of each loan so as to raise additional funds

for direct lending. The office shall issue regulations governing these direct loans, including the maximum amount of these loans.

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

(e) To execute the direct loan programs established in this chapter, the manager may loan trust funds to a corporation located in a rural area for the express purpose of lending those funds to an identified borrower. The loan authorized by the manager to the corporation shall be on terms similar to the loan between the corporation and the borrower. The amount of the loan may be in excess of the amount of a loan to any individual farm borrower, but actual disbursements pursuant to the office loan agreement shall be required to be supported by a loan agreement between the farm borrower and the corporation in an amount at least equal to the requested disbursement. The loan between the office and the corporation shall be evidenced by a credit agreement. In the event that any loan between the corporation and borrower is not guaranteed by a governmental agency, the portion of the credit agreement attributable to that loan shall be secured by assignment of any note, executed in favor of the corporation by the borrower to the office. The terms and conditions of the credit agreement shall be similar to the loan agreement between the corporation and the borrower, which shall be collateralized by the note between the corporation and the borrower. In the absence of fraud on the part of the corporation, the liability of the corporation to repay the loan to the office is limited to the repayment received by the corporation from the borrower except in a case where the United States Department of Agriculture requires exposure by the corporation in rule or regulation. The corporation may use trust funds for loan repayment to the office if the corporation has exhausted a loan loss reserve created for this purpose. Interest and principal received by the office from the corporation shall be deposited into the same account from which the funds were originally borrowed.

(f) Upon the approval of the manager, a corporation shall be authorized to borrow trust funds from the office for the purpose of relending those funds to small businesses. A corporation shall demonstrate to the manager that it has the capacity to administer a direct loan program, and has procedures in place to limit the default rate for loans to startup businesses. Not more than 25 percent of any trust fund account shall be used for the direct lending established pursuant to this subdivision. A loan to a corporation shall not exceed the amount of funds likely to be lent to small businesses within three months following the loan to the corporation. The maximum loan amount to a small business is fifty thousand dollars ($50,000). In the absence of fraud on the part of the corporation, the repayment obligation pursuant to the loan to the corporation shall be limited to the amount of funds received by the corporation for the loan to the small business and any other funds received from the office that are not disbursed. The corporation shall be authorized to charge a fee to the small business

borrower, in an amount determined by the manager pursuant to regulation. The program provided for in this subdivision shall be available in all geographic areas of the state.

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

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

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

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

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

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

(e) To execute the direct loan programs established in this chapter, the manager may loan trust funds to a corporation located in a rural area for the express purpose of lending those funds to an identified borrower. The loan authorized by the manager to the corporation shall be on terms similar to the loan between the corporation and the borrower. The amount of the loan may be in excess of the amount of a loan to any individual farm borrower, but actual disbursements pursuant to the office loan agreement shall be required to be supported by a loan agreement between the farm borrower and the corporation in an amount at least equal to the requested disbursement. The loan between the office and the corporation shall be evidenced by a credit agreement. In the event that any loan between the corporation and borrower is not guaranteed by a governmental agency, the portion of the credit agreement attributable to that loan shall be secured by assignment of any note, executed in favor of the corporation by the borrower to the office. The terms and conditions of the credit agreement shall be similar to the loan

agreement between the corporation and the borrower, which shall be collateralized by the note between the corporation and the borrower. In the absence of fraud on the part of the corporation, the liability of the corporation to repay the loan to the office is limited to the repayment received by the corporation from the borrower except in a case where the United States Department of Agriculture requires exposure by the corporation in rule or regulation. The corporation may use trust funds for loan repayment to the office if the corporation has exhausted a loan loss reserve created for this purpose. Interest and principal received by the office from the corporation shall be deposited into the same account from which the funds were originally borrowed.

(f) Upon the approval of the manager, a corporation shall be authorized to borrow trust funds from the office for the purpose of relending those funds to small businesses. A corporation shall demonstrate to the manager that it has the capacity to administer a direct loan program, and has procedures in place to limit the default rate for loans to startup businesses. Not more than 25 percent of any trust fund account shall be used for the direct lending established pursuant to this subdivision. A loan to a corporation shall not exceed the amount of funds likely to be lent to small businesses within three months following the loan to the corporation. The maximum loan amount to a small business is fifty thousand dollars ($50,000). In the absence of fraud on the part of the corporation, the repayment obligation pursuant to the loan to the corporation shall be limited to the amount of funds received by the corporation for the loan to the small business and any other funds received from the agency that are not disbursed. The corporation shall be authorized to charge a fee to the small business borrower, in an amount determined by the manager pursuant to regulation. The program provided for in this subdivision shall be available in all geographic areas of the state.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14075. (a) A corporation may, in an area affected by a state of emergency within the state and declared a disaster by the President of the United States, or by the Administrator of the United States Small Business Administration, or by the United States Secretary of Agriculture or declared to be in a state of emergency by the Governor, provide loan guarantees from funds allocated in Section 14037.5 to small businesses, small farms, nurseries, and agriculture-related enterprises that have suffered actual physical damage or significant economic injury as a result of the disaster.

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

Division 3 of the Government Code, as provided in subdivision (e) of Section 11346.1 of the Government Code.

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

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

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

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

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

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

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

(b) Any corporation that serves an area declared to be in a state of emergency by the Governor or a disaster area by the President of the United States, the Administrator of the United States Small Business Administration, or the United States Secretary of Agriculture shall increase the portfolio of loan guarantees where the dollar amount of the loan is less than one hundred thousand dollars ($100,000), so that at least 15 percent of the dollar value

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

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

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

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

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

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

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

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

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

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

29503. "Commissioner" means the Commissioner of Business Oversight.

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

31004. "Commissioner" means the Commissioner of Business Oversight.

SEC. 46. Section 300 of the Financial Code is amended to read:

300. (a) In this section:

(1) "Business and industrial development corporation" means a corporation licensed under Division 15 (commencing with Section 31000).

(2) "Payment instrument" has the same meaning as set forth in Section 33059.

(3) "Traveler's check" has the same meaning as set forth in Section 1803.

(b) There is in the state government, in the Business, Consumer Services, and Housing Agency, a Department of Business Oversight, which has charge of the execution of, among other laws, the laws of this state relating to any of the following: (1) banks or trust companies or the banking or trust

business; (2) savings associations or the savings association business; (3) credit unions or the credit union business; (4) persons who engage in the business of receiving money for transmission to foreign nations or such business; (5) issuers of traveler's checks or the traveler's check business; (6) issuers of payment instruments or the payment instrument business; (7) business and industrial development corporations or the business and industrial development corporation business; (8) insurance premium finance agencies or the insurance premium finance business; (9) persons offering or making any contract constituting bucketing; (10) persons offering or selling off-exchange commodities; (11) deferred deposit originators; (12) finance lenders and brokers; (13) residential mortgage lenders and servicers; (14) capital access companies; (15) check sellers, bill payers, and proraters; (16) securities issuers, broker-dealers, agents, investment advisers, and investment adviser representatives; (17) mortgage loan originators employed or supervised by finance lenders or residential mortgage lenders; (18) escrow agents; (19) franchisors; or (20) persons holding securities as custodians on behalf of securities owners.

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

301. (a) This chapter is applicable to this division, Division 1.1 (commencing with Section 1000), Division 1.2 (commencing with Section 2000), Division 1.6 (commencing with Section 4800), Division 5 (commencing with Section 14000), Division 7 (commencing with Section 18000), and Division 15 (commencing with Section 31000).

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

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

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

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

(b) The Commissioner of Business Oversight shall employ legal counsel to act as the attorney for the commissioner in actions or proceedings brought by or against the commissioner under or pursuant to any law under the jurisdiction of the Division of Corporations, or in which the commissioner joins or intervenes as to a matter within the jurisdiction of the Division of Corporations, as a friend of the court or otherwise.

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

(d) Sections 11040, 11042, and 11043 of the Government Code do not apply to the Division of Corporations.

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

326. The Commissioner of Business Oversight is responsible for the performance of all duties, the exercise of all powers and jurisdiction, and the assumption and discharge of all responsibilities vested by law in the department and the divisions thereunder. The commissioner has and may exercise all the powers necessary or convenient for the administration and enforcement of, among other laws, the laws described in Section 300. The commissioner may issue rules and regulations consistent with law as he or she may deem necessary or advisable in executing the powers, duties, and responsibilities of the department.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notwithstanding the foregoing the commissioner and any deputy or employee may have and maintain one or more deposit or similar accounts in any bank, savings association, credit union, or industrial loan company in this state and may maintain with any bank, savings association, credit union, or industrial loan company in this state a loan which was not obtained in violation of this section if the person reports the loan in writing to the department within 30 days after the person commences his or her term of appointment or employment with the department and if the loan is not renewed, renegotiated, extended, or otherwise modified on or after July 1, 1997.

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

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

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

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

(b) There is in the Department of Business Oversight, the Senior Deputy Commissioner of the Department of Business Oversight for the Division of

Financial Institutions. Under the direction of the senior deputy commissioner, the Division of Financial Institutions has charge of the execution of the laws of the state that were, prior to July 1, 2013, under the charge of the Department of Financial Institutions.

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

4805.055. "Commissioner" means the Commissioner of Business Oversight.

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

5104. "Commissioner" means the Commissioner of Business Oversight.

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

12003. "Commissioner" means the Commissioner of Business Oversight, or any deputy, investigator, auditor, or any other person employed by him or her.

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

14003. "Commissioner" means the Commissioner of Business Oversight.

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

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

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

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

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

17002. "Commissioner" means the Commissioner of Business Oversight.

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

18002. "Commissioner" means the Commissioner of Business Oversight.

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

22005. "Commissioner" means the Commissioner of Business Oversight.

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

30002. "Commissioner" means the Commissioner of Business Oversight.

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

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

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

50003. (a) "Annual audit" means a certified audit of the licensee's books, records, and systems of internal control performed by an independent certified public accountant in accordance with generally accepted accounting principles and generally accepted auditing standards.

(b) "Borrower" means the loan applicant.

(c) "Buy" includes exchange, offer to buy, or solicitation to buy.

(d) "Commissioner" means the Commissioner of Business Oversight.

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

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

(g) "Engage in the business" means the dissemination to the public, or any part of the public, by means of written, printed, or electronic communication or any communication by means of recorded telephone messages or spoken on radio, television, or similar communications media, of any information relating to the making of residential mortgage loans, the servicing of residential mortgage loans, or both. "Engage in the business" also means, without limitation, making residential mortgage loans or servicing residential mortgage loans, or both.

(h) "Federal banking agencies" means the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the National Credit Union Administration, and the Federal Deposit Insurance Corporation.

(i) "In this state" includes any activity of a person relating to making or servicing a residential mortgage loan that originates from this state and is directed to persons outside this state, or that originates from outside this state and is directed to persons inside this state, or that originates inside this state and is directed to persons inside this state, or that leads to the formation of a contract and the offer or acceptance thereof is directed to a person in this state (whether from inside or outside this state and whether the offer was made inside or outside the state).

(j) "Institutional investor" means the following:

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

(2) Any bank, trust company, savings bank or savings and loan association, credit union, industrial bank or industrial loan company, personal property broker, consumer finance lender, commercial finance lender, or insurance company, or subsidiary or affiliate of one of the preceding entities, doing business under the authority of or in accordance with a license,

certificate, or charter issued by the United States or any state, district, territory, or commonwealth of the United States.

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

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

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

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

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

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

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

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

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

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

(11) A trust or other business entity established by an institutional investor for the purpose of issuing or facilitating the issuance of securities representing undivided interests in, or rights to receive payments from or to receive payments primarily from, a pool of financial assets held by the trust or business entity, provided that all of the following apply:

(A) The business entity is not a sole proprietorship.

(B) The pool of assets consists of one or more of the following:

(i) Interest-bearing obligations.

(ii) Other contractual obligations representing the right to receive payments from the assets.

(iii) Surety bonds, insurance policies, letters of credit, or other instruments providing credit enhancement for the assets.

(C) The securities will be either one of the following:

(i) Rated as "investment grade" by Standard and Poor's Corporation or Moody's Investors Service, Inc. "Investment grade" means that the securities will be rated by Standard and Poor's Corporation as AAA, AA, A, or BBB or by Moody's Investors Service, Inc. as Aaa, Aa, A, or Baa, including any of those ratings with "+" or "—" designation or other variations that occur within those ratings.

(ii) Sold to an institutional investor.

(D) The offer and sale of the securities is qualified under the California Corporate Securities Law of 1968 or registered under federal securities laws, or exempt from qualification or registration.

(k) "Institutional lender" means the following:

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

(2) Any bank, trust company, savings bank or savings and loan association, credit union, industrial loan company, or insurance company, or service or investment company that is wholly owned and controlled by one of the preceding entities, doing business under the authority of and in accordance with a license, certificate, or charter issued by the United States or any state, district, territory, or commonwealth of the United States.

(3) Any corporation with outstanding securities registered under Section 12 of the Securities Exchange Act of 1934 or any wholly owned subsidiary of that corporation.

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

(*l*) "Law" means the California Residential Mortgage Lending Act.

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

(n) "Licensee" means, depending on the context, a person licensed under Chapter 2 (commencing with Section 50120), Chapter 3 (commencing with Section 50130), or Chapter 3.5 (commencing with Section 50140).

(o) "Makes or making residential mortgage loans" or "mortgage lending" means processing, underwriting, or as a lender using or advancing one's own funds, or making a commitment to advance one's own funds, to a loan applicant for a residential mortgage loan.

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

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

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

(s) "Net worth" has the meaning set forth in Section 50201.

(t) "Own funds" means (1) cash, corporate capital, or warehouse credit lines at commercial banks, savings banks, savings and loan associations, industrial loan companies, or other sources that are liability items on a lender's financial statements, whether secured or unsecured, or (2) a lender's affiliate's cash, corporate capital, or warehouse credit lines at commercial banks or other sources that are liability items on the affiliate's financial statements, whether secured or unsecured. "Own funds" does not include funds provided by a third party to fund a loan on condition that the third party will subsequently purchase or accept an assignment of that loan.

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

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

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

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

(y) "Sell" includes exchange, offer to sell, or solicitation to sell.

(z) "Unique identifier" means a number or other identifier assigned by protocols established by the Nationwide Mortgage Licensing System and Registry.

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

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

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

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

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

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

(b) In addition to the allocations authorized by Section 8683 and the loan guarantee provisions of Section 14030.1 of the Corporations Code, the Governor may allocate funds made available for the purposes of this chapter, in connection with relief provided, in affected areas during the period of federal disaster relief, to the Small Business Expansion Fund for use by the Governor's Office of Business and Economic Development, pursuant to Chapter 1 (commencing with Section 14000) of Part 5 of Division 3 of Title 1 of the Corporations Code, to provide guarantees for low-interest interim loans to be made by lending institutions for the purpose of providing interim financing to enable small businesses that have suffered actual physical damage or significant economic losses, as a result of the disaster or state of emergency for which funding under this section is made available, to continue or resume operations pending receipt of loans made or guaranteed by the federal Small Business Administration. The maximum amount of any loan guarantee funded under this paragraph shall not exceed two hundred thousand dollars ($200,000). Each loan guarantee shall not exceed 95 percent of the loan amount, except that a loan guarantee may be for 100 percent of the loan amount if the applicant can demonstrate that access to business records pertinent to the loan application has been precluded by official action prohibiting necessary reentry into the affected business premises or that those business records pertinent to the loan application have been destroyed. The term of the loan shall be determined by the lending institution providing the loan or shall be made payable on the date the proceeds of a loan made or guaranteed by the federal Small Business Administration with respect to the same damage or loss are made available to the borrower, whichever event first occurs.

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

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

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

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

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

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

(a) "Chief" means the Chief of the Office of Technology Services.

(b) "Technology" includes, but is not limited to, all electronic technology systems and services, automated information handling, system design and

analysis, conversion of data, computer programming, information storage and retrieval, and business telecommunications systems and services.

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

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

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

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

(b) The purpose of this article is to establish a general purpose technology services provider to serve the common technology needs of executive branch entities with accountability to customers for providing secure services that are responsive to client needs at a cost representing best value to the state.

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

(d) Unless the context clearly requires otherwise, whenever the term "Department of Technology Services" appears in any statute, regulation, or contract, it shall be deemed to refer to the Office of Technology Services, and whenever the term "Director of Technology Services" appears in statute, regulation, or contract, it shall be deemed to refer to the Chief of the Office of Technology Services.

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

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

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

(h) All unexpended balances of appropriations and other funds available for use in connection with any function or the administration of any law transferred to the Office of Technology Services shall be transferred to the Office of Technology Services for the use and for the purpose for which the appropriation was originally made or the funds were originally available. If there is any doubt as to where those balances and funds are transferred, the Department of Finance shall determine where the balances and funds are transferred.

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

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

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

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

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

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

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

11541. (a) The Office of Technology Services may acquire, install, equip, maintain, and operate new or existing business telecommunications systems and services. Acquisitions for information technology goods and services shall be made pursuant to Chapter 3 (commencing with Section 12100) of Part 2 of Division 2 of the Public Contract Code. To accomplish that purpose, the Office of Technology Services may enter into contracts, obtain licenses, acquire personal property, install necessary equipment and facilities, and do other acts that will provide adequate and efficient business telecommunications systems and services. Any system established shall be made available to all public agencies in the state on terms that may be agreed upon by the agency and the Office of Technology Services.

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

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

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

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

(4) Carry out the policies of this chapter.

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

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

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

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

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

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

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

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

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

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

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

(d) The Office of Technology Services shall develop and describe statewide policy on the use of business telecommunications systems and

services by state agencies. In the development of that policy, the Office of Technology Services shall ensure that access to state business information and services is improved, and that the policy is cost effective for the state and its residents. The Office of Technology Services shall develop guidelines that do all of the following:

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

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

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

(4) Specify pricing policies.

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

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

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

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

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

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

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

(d) At the end of any fiscal year, if the balance remaining in the fund at the end of that fiscal year exceeds 25 percent of the portion of the

Department of Technology's current fiscal year budget used for support of data center and other client services, the excess amount shall be used to reduce the billing rates for services rendered during the following fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

(B) Establishing remediation plans.

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

(D) Requiring additional project reporting.

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

(7) Suspending, reinstating, or terminating information technology projects. The Department of Technology shall notify the Joint Legislative

Budget Committee of any project suspension, reinstatement, and termination within 30 days of that suspension, reinstatement, or termination.

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

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

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

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

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

11549. (a) There is in state government, in the Department of Technology, the Office of Information Security. The purpose of the Office of Information Security is to ensure the confidentiality, integrity, and availability of state systems and applications, and to promote and protect privacy as part of the development and operations of state systems and applications to ensure the trust of the residents of this state.

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

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

(d) (1) Unless the context clearly requires otherwise, whenever the term "Office of Information Security and Privacy Protection" appears in any statute, regulation, or contract, it shall be deemed to refer to the Office of Information Security, and whenever the term "executive director of the Office of Information Security and Privacy Protection" appears in statute, regulation, or contract, it shall be deemed to refer to the Chief of the Office of Information Security.

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

(3) The property of any office, agency, or department related to functions transferred to the Office of Information Security is transferred to the Office

of Information Security. If any doubt arises as to where that property is transferred, the Department of General Services shall determine where the property is transferred.

(4) All unexpended balances of appropriations and other funds available for use in connection with any function or the administration of any law transferred to the Office of Information Security shall be transferred to the Office of Information Security for the use and for the purpose for which the appropriation was originally made or the funds were originally available. If there is any doubt as to where those balances and funds are transferred, the Department of Finance shall determine where the balances and funds are transferred.

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

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

(a) "Chief" means the Chief of the Office of Information Security.

(b) "Office" means the Office of Information Security.

(c) "Program" means an information security program established pursuant to Section 11549.3.

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

12802.8. (a) The Governor may, with respect to the Transportation Agency, appoint a Deputy Secretary of Housing Coordination, who shall serve as the secretary's primary advisor on housing matters, including, but not limited to, sustainable growth policy matters, and other strategies to achieve the state's greenhouse gas emission reduction objectives as it pertains to those housing matters.

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

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

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

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

(1) The Office of Administrative Law.

(2) The Public Employees' Retirement System.

(3) The State Teachers' Retirement System.

(4) The State Personnel Board.

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

(6) The Department of General Services.

(7) The Department of Technology.

(8) The Franchise Tax Board.

(9) The Department of Human Resources.

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

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

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

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

(b) In addition to any other provision of law, the Secretary of Business, Consumer Services, and Housing may appoint an assistant, who is exempt from the civil service laws. The secretary shall prescribe the duties of the appointed assistant and shall fix the salary of such assistant subject to the approval of the Director of Finance. The appointed assistant shall serve at the pleasure of the secretary.

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

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

(a) "Appointed commissioner" means a commissioner appointed by the Governor pursuant to paragraph (2) of subdivision (b) of Section 13995.40.

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

(c) "Commission" means the California Travel and Tourism Commission.

(d) "Director" means the Director of the Governor's Office of Business and Economic Development.

(e) "Elected commissioner" means a commissioner elected pursuant to subdivision (d) of Section 13995.40.

(f) "Industry category" means the following classifications within the tourism industry:

(1) Accommodations.

(2) Restaurants and retail.

(3) Attractions and recreation.

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

(5) Passenger car rental.

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

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

(i) "Office" means the Office of Tourism, also popularly referred to as the Division of Tourism, within the Governor's Office of Business and Economic Development.

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

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

(*l*) "Selection committee" means the Tourism Selection Committee described in Article 3 (commencing with Section 13995.30).

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

Article 5. Director

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

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

(b) Commencing on January 1, 2003, a referendum shall be called every two years, and the commission, by adopted resolution, shall determine the slate of individuals who will run for commissioner. The resolution shall also cover, but not be limited to, the proposed assessment level for each industry category, based upon specified assessment formulae, together with necessary information to enable each assessed business to determine what its individual assessment would be. Commencing with the referendum held in 2007 and every six years thereafter, the resolution shall also cover the termination or continuation of the commission. The resolution may also include an amended industry segment allocation formula and the percentage allocation of assessments between industry categories and segments. The commission may specify in the resolution that a special, lower assessment rate that was set pursuant to subdivision (c) of Section 13995.30 for a particular business will no longer apply due to changes in the unique circumstance that originally justified the lower rate. The resolution may include up to three possible assessment levels for each industry category, from which the assessed businesses will select one assessment level for each industry category by plurality weighted vote.

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

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

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

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

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

(h) Notwithstanding any other provision of this section, the director shall identify, to the extent reasonably feasible, those businesses that would become newly assessed due to a change in category, segment, threshold, or exemption status sought via referendum, and provide those businesses the opportunity to vote in that referendum.

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

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

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

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

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

13995.92. The proposed assessment for the passenger rental car industry rate shall be set at a level determined by the commission that will generate funding that will be sufficient, when aggregated together with other funding for the commission for an amount sufficient to fund the approved marketing plan of no less than fifty million dollars ($50,000,000) per fiscal year.

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

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

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

(c) All loan repayments received on or after January 1, 2008, for the Sudden and Severe Economic Dislocation Grant program loans issued pursuant to former Section 15327 (repealed by Section 1.8 of Chapter 229 of the Statutes of 2003 (AB 1757)) and this section, shall be deposited into the Small Business Expansion Fund and shall be available to the Governor's Office of Business and Economic Development for expenditure pursuant to the provisions of Article 9 (commencing with Section 14070) of the Corporations Code for the Sudden and Severe Economic Dislocation Grant program, or other purposes permitted by the cognizant federal agency.

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

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

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

(b) Coordinating and assisting, upon request of, the various public and private transportation entities in strengthening their development and operation of balanced integrated mass transportation, highway, aviation,

maritime, railroad, and other transportation facilities and services in support of statewide and regional goals.

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

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

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

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

(g) With the Department of Housing and Community Development, investigating and reporting to the Secretary of Transportation and the Secretary of Business, Consumer Services, and Housing upon the consistency between state, local, and federal housing plans and programs and state, local, and federal transportation plans and programs.

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

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

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

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

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

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

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

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

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

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

(d) The commission shall make recommendations to the Legislature, the Governor, the Governor's Office of Business and Economic Development, and other state agencies on legislative or administrative actions that may be necessary or helpful to maintain and improve the position of the state's motion picture industry in the national and world markets.

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

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

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

(3) Conduct workshops and trade shows.

(4) Provide expertise in promotional activities.

(5) Hold hearings.

(6) Adopt its own operational rules and procedures.

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

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

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

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

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

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

53108.5. "Division," as used in this article, means the Public Safety Communications Division within the Office of Emergency Services.

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

53113. The Legislature finds that, because of overlapping jurisdiction of public agencies, public safety agencies, and telephone service areas, a general overview or plan should be developed prior to the establishment of any system. In order to ensure that proper preparation and implementation of those systems is accomplished by all public agencies by December 31, 1985, the office, with the advice and assistance of the Attorney General, shall secure compliance by public agencies as provided in this article.

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Expediting the rollout of Enhanced 911 Phase II technology.

(b) Upon request of a local public agency, the board shall conduct a hearing on any conflict between a local public agency and the office regarding a final plan that has not been approved by the office pursuant to Section 53114. The board shall meet within 30 days following the request, and shall make a recommendation to resolve the conflict to the office within 90 days following the initial hearing by the board pursuant to the request.

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

53115.3. When proposed implementation of the 911 system by a single public agency within its jurisdiction may adversely affect the implementation of the system by a neighboring public agency or agencies, such neighboring

public agency may request that the office evaluate the impact of implementation by the proposing public agency and evaluate and weigh that impact in its decision to approve or disapprove the proposing public agency's final plan pursuant to Section 53115. In order to effectuate this process, each city shall file a notice of filing of its final plan with each adjacent city and with the county in which the proposing public agency is located at the same time such final plan is filed with the office and each county shall file a notice of filing of its final plan with each city within the county and each adjacent county at the time the final plan is filed with the office. Any public agency wishing to request review pursuant to this section shall file its request with the office within 30 days of filing of the final plan for which review is sought.

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

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

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

53119. Any telephone corporation serving rural telephone areas that cannot currently provide enhanced "911" emergency telephone service capable of selective routing, automatic number identification, or automatic location identification shall present to the office a comprehensive plan detailing a schedule by which those facilities will be converted to be compatible with the enhanced emergency telephone system.

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

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

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

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

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

(c) (1) The administrator shall issue regulations consistent with law as the administrator may deem necessary or advisable in executing the powers, duties, and responsibilities assigned by this article. The regulations may include regulations prescribing standards for the valuation, marketability, and liquidity of the eligible securities of the class described in subdivision (m) of Section 53651, regulations prescribing procedures and documentation for adding, withdrawing, substituting, and holding pooled securities, and regulations prescribing the form, content, and execution of any application, report, or other document called for in any of the sections specified in

subdivision (a) or in any regulation or order issued under any of those sections.

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

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

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

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

(g) (1) The administrator shall require the immediate substitution of an eligible security, where the substitution is necessary for compliance with Section 53652, if (i) the administrator determines that a security listed in Section 53651 is not qualified to secure public deposits, or (ii) a treasurer, who has deposits secured by the securities pool, provides written notice to the administrator and the administrator confirms that a security in the pool is not qualified to secure public deposits.

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

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

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

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

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

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

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

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

(i) (1) If, after notice and opportunity for hearing, the administrator finds that any depository or agent of depository has violated or is violating, or that there is reasonable cause to believe that any depository or agent of depository is about to violate, any of the sections specified in subdivision (a) or any regulation or order issued under any of those sections, the administrator may order the depository or agent of depository to cease and desist from the violation or may by order suspend or revoke the authorization of the agent of depository. The order may require the depository or agent of depository to take affirmative action to correct any condition resulting from the violation.

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

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

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

(4) In case the administrator issues an order under paragraph (1) or (2) suspending or revoking the authorization of an agent of depository, the administrator may order the agent of depository at its own expense to transfer

all pooled securities held by it to such agent of depository as the administrator may designate in the order. The agent of depository designated in the order shall accept and hold the pooled securities in accordance with this article and regulations and orders issued under this article.

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

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

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

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

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

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

(*l*) (1) In the event that a depository or agent of depository fails to pay a fine assessed by the administrator pursuant to subdivision (k) within 30 days of receipt of the assessment, the administrator may assess and collect an additional penalty of 5 percent of the fine for each month or part thereof that the payment is delinquent.

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

(3) If an agent of depository fails to pay the fines or penalties assessed by the administrator, the administrator may notify local agency treasurers who have authorized the agent of depository as provided in Sections 53649

and 53656, and may by order revoke the authorization of the agent of depository as provided in subdivision (i).

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

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

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

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

(2) The Treasurer or his or her designee.

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

(4) An appointee of the Governor.

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

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

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

(d) A member of the board shall not participate in any bank action or attempt to influence any decision or recommendation by any employee of, or consultant to, the bank that involves a sponsor of which he or she is a representative or in which the member or a member of his or her immediate family has a personal financial interest within the meaning of Section 87100. For purposes of this section, "immediate family" means the spouse, children, and parents of the member.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The Controller.

(c) The Director of Finance.

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

(e) The Commissioner of Business Oversight.

Members of the commission may each designate a deputy or employee in his or her agency to act for him or her at all meetings of the commission. The first meeting shall be convened by the Treasurer.

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

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

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

(1) The Governor or his or her designee.

(2) The Director of Finance.

(3) The Treasurer.

(4) The Controller.

(5) The Director of the Governor's Office of Business and Economic Development.

(6) The Director of General Services.

(7) The Director of Transportation.

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

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

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

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

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

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

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

(b) The division shall establish, by rules and regulations, policies and standards to be followed in making loans pursuant to this section so as to further the proper development and maintenance of a statewide system of small craft harbors and connecting waterways. To the greatest extent possible, the division shall adhere to customary commercial practices to ensure that loans made pursuant to this section are adequately secured and

that the loans are repaid consistent with the terms of the loan agreement. Any rules and regulations shall include policies and standards for restrooms, vessel pumpout facilities, oil recycling facilities, and receptacles for the purpose of separating, reusing, or recycling all solid waste materials.

(c) The division shall develop weighing and ranking criteria to qualify and prioritize the public loans.

(d) A loan under this section shall be repaid as provided in Section 70.

(e) Rates to be charged for the use of the boating facilities shall be established by the city, county, or district, subject to the approval of the division, in every loan contract. The division shall concern itself with the rates charged only as prescribed in Section 71.8. The rates set shall be based on a monthly berthing charge, and the division shall monitor these rates to ensure that the berthing charges are sufficient to ensure timely and complete repayment of the loan.

(f) The division shall submit any project for which it recommends any loan be made to the Governor for inclusion in the Budget Bill.

(g) The division may restate an existing loan under this article, upon written request by the borrower.

SEC. 112. Section 71.7 of the Harbors and Navigation Code is amended to read:

71.7. Notwithstanding any other provision of this chapter, Section 82, or any contract or agreement to the contrary, loan payments on the loan on behalf of Spud Point Marina in the County of Sonoma, as authorized by Schedule (b)(8) of Item 3680-101-516 of Section 2.00 of the Budget Act of 1982, and administered by the division, may be renegotiated by the division and the County of Sonoma, to solve the fiscal problems involving the marina existing on the effective date of this section as enacted during the 1994 portion of the 1993–94 Regular Session.

SEC. 113. Section 72.6 of the Harbors and Navigation Code is amended to read:

72.6. Transfers pursuant to Section 70, loans pursuant to Section 71.4, and grants pursuant to Section 72.5 shall be made by the division with the advice of the commission.

SEC. 114. Section 76.5 of the Harbors and Navigation Code is amended to read:

76.5. In processing applications under this article, the division shall give priority to applications from qualified private marina owners who have not received previous loans from the department. If the department finds a proposed loan project is feasible, the loan request shall be submitted to the commission for its advice.

SEC. 115. Section 76.6 of the Harbors and Navigation Code is amended to read:

76.6. Loans made under this article shall include, but are not limited to, the following terms and conditions:

(a) The minimum annual rate of interest charged by the division for a loan shall be set annually by the division and shall be a rate equal to 1 percent per annum plus the prime or base rate of interest.

(b) The division shall require collateral in a minimum amount of 110 percent of the loan.

(c) The repayment period of a loan shall not exceed 20 years, or be longer than the length of the borrower's leasehold estate, including renewal options, if the loan is based upon a leasehold estate of the borrower.

(d) All loans shall amortize the principal over the term of the loan. However, a loan shall become due and payable in full if the borrower sells or otherwise transfers the recreational marina developed with divisional funds, unless the transfer is, by reason of the death of the borrower, to the borrower's heirs.

(e) The division's loans shall not be subordinated to any future loans obtained by a private marina owner, except in those cases involving loans acquired for refinancing previous senior loans.

(f) The division may allow assumption of loans from the original borrower by future parties, subject to completion of the application process and upon approval by the division.

(g) The division may, upon written request by the borrower, restate an existing loan.

SEC. 116. Section 82 of the Harbors and Navigation Code, as added by Section 2 of Chapter 136 of the Statutes of 2012, is amended to read:

82. The division, consistent with Section 82.3, and in furtherance of the public interest and in accordance therewith, shall have only the following duties with respect to the commission:

(a) To submit any proposed changes in regulations pertaining to boating functions and responsibilities of the division to the commission for its advice and comment prior to enactment of changes.

(b) To submit proposals for transfers pursuant to Section 70, loans pursuant to Section 71.4 or 76.3, and grants pursuant to Section 72.5 to the commission for its advice and comment.

(c) To submit any proposed project for which it is making a determination of eligibility for funding from the Harbors and Watercraft Revolving Fund to the commission if that project could have a potentially significant impact on either public health or safety, public access, or the environment for the commission's advice and comment prior to making that determination.

(d) To annually submit a report on its budget and expenditures to the commission for its advice and comment.

(e) To cause studies and surveys to be made of the need for small craft harbors and connecting waterways throughout the state and the most suitable sites therefore, and submit those studies and surveys to the commission for advice and comment.

SEC. 117. Section 82.3 of the Harbors and Navigation Code is amended to read:

82.3. The commission shall have the following particular duties and responsibilities:

(a) To be fully informed regarding all governmental activities affecting programs administered by the division.

(b) To meet at least four times per year at various locations throughout the state to receive comments on the implementation of the programs administered by the division and establish an annual calendar of proposed meetings at the beginning of each calendar year. The meetings shall include a public meeting, before the beginning of each funding cycle of a loan and grant program funded from the Harbors and Watercraft Revolving Fund, to collect public input concerning the program, recommendations for program improvements, and specific project needs for the system.

(c) To hold a public hearing to receive public comment regarding any proposed project subject to subdivision (c) of Section 82 at a location in close geographic proximity to the proposed project, unless a hearing consistent with federal law or regulation has already been held regarding the project.

(d) To consider, upon the request of any owner or tenant whose property is in the vicinity of any proposed project subject to subdivision (c) of Section 82, any alleged adverse impacts occurring on that person's property from activities undertaken pursuant to this code, and recommend to the division suitable measures for the prevention of any adverse impacts determined by the commission to be occurring, and suitable measures for the restoration of adversely impacted property.

(e) To review and comment annually to the division on the proposed budget of expenditures from the revolving fund.

(f) To review all proposals for local and regional waterways, piers, harbors, docks, or other recreational areas that have applied for grant or loan funds from the division prior to a final determination of eligibility by the division.

(g) (1) With support and assistance from the division, to prepare and submit a program report to the Governor, the Assembly Committee on Water, Parks and Wildlife, the Senate Committee on Natural Resources and Water, the Senate Committee on Appropriations, and the Assembly Committee on Appropriations on or before January 1, 2013, and every three years thereafter. The report shall be adopted by the commission after discussing the contents during two or more public meetings. The report shall address the status of any regulations adopted or being considered by the division and any loan or grant that has been or is being considered for a determination of eligibility by the division pending the previous report.

(2) A report required to be submitted pursuant to paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 118. Section 40448.6 of the Health and Safety Code is amended to read:

40448.6. The Legislature hereby finds and declares all of the following:

(a) It is necessary to increase the availability of financial assistance to small businesses that are subject to the rules and regulations of the south coast district, in order to minimize economic dislocation and adverse socioeconomic impacts.

(b) It is in the public interest that a portion of the funds collected by the south coast district from violators of air pollution regulations be allocated

for the purpose of guaranteeing or otherwise reducing the financial risks of providing financial assistance to small businesses which face increased borrowing requirements in order to comply with air pollution control requirements.

(c) Public agencies and private lenders have a variety of methods available for providing financing assistance to small businesses and other employers, including taxable bonds, composite or pooled financing instruments, loan guarantees, and credit insurance, which could be utilized in combination with the penalties collected by the south coast district to expand the availability and reduce the cost of financing assistance.

(d) The California Pollution Control Financing Authority has funds set aside from previous bond issues, which could be used to guarantee the issuance of bonds or other financing for small businesses for the purchase and installation of pollution control equipment.

(e) The Governor's Office of Business and Economic Development, through the small business financial development corporations established pursuant to Chapter 1 (commencing with Section 14000) of Part 5 of Division 3 of Title 1 of the Corporations Code, has the ability to provide state loan guarantees and technical assistance to small businesses needing financial assistance.

(f) The Job Training Partnership Division of the Employment Development Department makes funds available for job training programs, including funds for dislocated workers, through the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.).

(g) It is the policy of the state that the Job Training Partnership Division of the Employment Development Department, in cooperation with the districts and the state board, are encouraged to provide job training programs for workers who, as determined by the department or the local private industry council, have been laid off or dislocated as a result of actions resulting from air quality regulations.

(h) It is the policy of the state that the California Pollution Control Financing Authority and other state agencies implementing small business assistance programs, in cooperation with the districts and the state board, are encouraged to provide technical and financial assistance to small businesses to facilitate compliance with air quality regulations.

SEC. 119. Section 44272 of the Health and Safety Code is amended to read:

44272. (a) The Alternative and Renewable Fuel and Vehicle Technology Program is hereby created. The program shall be administered by the commission. The commission shall implement the program by regulation pursuant to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The program shall provide, upon appropriation by the Legislature, competitive grants, revolving loans, loan guarantees, loans, or other appropriate funding measures, to public agencies, vehicle and technology entities, businesses and projects, public-private partnerships, workforce training partnerships and collaboratives, fleet owners, consumers, recreational boaters, and

academic institutions to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies. The emphasis of this program shall be to develop and deploy technology and alternative and renewable fuels in the marketplace, without adopting any one preferred fuel or technology.

(b) A project that receives more than seventy-five thousand dollars ($75,000) in funds from the commission shall be approved at a noticed public meeting of the commission and shall be consistent with the priorities established by the investment plan adopted pursuant to Section 44272.5. Under this article, the commission may delegate to the commission's executive director, or his or her designee, the authority to approve either of the following:

(1) A contract, grant, loan, or other agreement or award that receives seventy-five thousand dollars ($75,000) or less in funds from the commission.

(2) Amendments to a contract, grant, loan, or other agreement or award as long as the amendments do not increase the amount of the award, change the scope of the project, or modify the purpose of the agreement.

(c) The commission shall provide preferences to those projects that maximize the goals of the Alternative and Renewable Fuel and Vehicle Technology Program, based on the following criteria, as applicable:

(1) The project's ability to provide a measurable transition from the nearly exclusive use of petroleum fuels to a diverse portfolio of viable alternative fuels that meet petroleum reduction and alternative fuel use goals.

(2) The project's consistency with existing and future state climate change policy and low-carbon fuel standards.

(3) The project's ability to reduce criteria air pollutants and air toxics and reduce or avoid multimedia environmental impacts.

(4) The project's ability to decrease, on a life cycle basis, the discharge of water pollutants or any other substances known to damage human health or the environment, in comparison to the production and use of California Phase 2 Reformulated Gasoline or diesel fuel produced and sold pursuant to California diesel fuel regulations set forth in Article 2 (commencing with Section 2280) of Chapter 5 of Division 3 of Title 13 of the California Code of Regulations.

(5) The project does not adversely impact the sustainability of the state's natural resources, especially state and federal lands.

(6) The project provides nonstate matching funds. Costs incurred from the date a proposed award is noticed may be counted as nonstate matching funds. The commission may adopt further requirements for the purposes of this paragraph. The commission is not liable for costs incurred pursuant to this paragraph if the commission does not give final approval for the project or the proposed recipient does not meet requirements adopted by the commission pursuant to this paragraph.

(7) The project provides economic benefits for California by promoting California-based technology firms, jobs, and businesses.

(8) The project uses existing or proposed fueling infrastructure to maximize the outcome of the project.

(9) The project's ability to reduce on a life cycle assessment greenhouse gas emissions by at least 10 percent, and higher percentages in the future, from current reformulated gasoline and diesel fuel standards established by the state board.

(10) The project's use of alternative fuel blends of at least 20 percent, and higher blend ratios in the future, with a preference for projects with higher blends.

(11) The project drives new technology advancement for vehicles, vessels, engines, and other equipment, and promotes the deployment of that technology in the marketplace.

(d) Only the following shall be eligible for funding:

(1) Alternative and renewable fuel projects to develop and improve alternative and renewable low-carbon fuels, including electricity, ethanol, dimethyl ether, renewable diesel, natural gas, hydrogen, and biomethane, among others, and their feedstocks that have high potential for long-term or short-term commercialization, including projects that lead to sustainable feedstocks.

(2) Demonstration and deployment projects that optimize alternative and renewable fuels for existing and developing engine technologies.

(3) Projects to produce alternative and renewable low-carbon fuels in California.

(4) Projects to decrease the overall impact of an alternative and renewable fuel's life cycle carbon footprint and increase sustainability.

(5) Alternative and renewable fuel infrastructure, fueling stations, and equipment. The preference in paragraph (10) of subdivision (c) shall not apply to renewable diesel or biodiesel infrastructure, fueling stations, and equipment used solely for renewable diesel or biodiesel fuel.

(6) Projects to develop and improve light-, medium-, and heavy-duty vehicle technologies that provide for better fuel efficiency and lower greenhouse gas emissions, alternative fuel usage and storage, or emission reductions, including propulsion systems, advanced internal combustion engines with a 40 percent or better efficiency level over the current market standard, light-weight materials, energy storage, control systems and system integration, physical measurement and metering systems and software, development of design standards and testing and certification protocols, battery recycling and reuse, engine and fuel optimization electronic and electrified components, hybrid technology, plug-in hybrid technology, battery electric vehicle technology, fuel cell technology, and conversions of hybrid technology to plug-in technology through the installation of safety certified supplemental battery modules.

(7) Programs and projects that accelerate the commercialization of vehicles and alternative and renewable fuels including buy-down programs through near-market and market-path deployments, advanced technology warranty or replacement insurance, development of market niches,

supply-chain development, and research related to the pedestrian safety impacts of vehicle technologies and alternative and renewable fuels.

(8) Programs and projects to retrofit medium- and heavy-duty onroad and nonroad vehicle fleets with technologies that create higher fuel efficiencies, including alternative and renewable fuel vehicles and technologies, idle management technology, and aerodynamic retrofits that decrease fuel consumption.

(9) Infrastructure projects that promote alternative and renewable fuel infrastructure development connected with existing fleets, public transit, and existing transportation corridors, including physical measurement or metering equipment and truck stop electrification.

(10) Workforce training programs related to alternative and renewable fuel feedstock production and extraction, renewable fuel production, distribution, transport, and storage, high-performance and low-emission vehicle technology and high tower electronics, automotive computer systems, mass transit fleet conversion, servicing, and maintenance, and other sectors or occupations related to the purposes of this chapter.

(11) Block grants or incentive programs administered by public entities or not-for-profit technology entities for multiple projects, education and program promotion within California, and development of alternative and renewable fuel and vehicle technology centers. The commission may adopt guidelines for implementing the block grant or incentive program, which shall be approved at a noticed public meeting of the commission.

(12) Life cycle and multimedia analyses, sustainability and environmental impact evaluations, and market, financial, and technology assessments performed by a state agency to determine the impacts of increasing the use of low-carbon transportation fuels and technologies, and to assist in the preparation of the investment plan and program implementation.

(13) A program to provide funding for homeowners who purchase a plug-in electric vehicle to offset costs associated with modifying electrical sources to include a residential plug-in electric vehicle charging station. In establishing this program, the commission shall consider funding criteria to maximize the public benefit of the program.

(e) The commission may make a single source or sole source award pursuant to this section for applied research. The same requirements set forth in Section 25620.5 of the Public Resources Code shall apply to awards made on a single source basis or a sole source basis. This subdivision does not authorize the commission to make a single source or sole source award for a project or activity other than for applied research.

(f) The commission may do all of the following:

(1) Contract with the Treasurer to expend funds through programs implemented by the Treasurer, if the expenditure is consistent with all of the requirements of this article and Article 1 (commencing with Section 44270).

(2) Contract with small business financial development corporations established by the Governor’s Office of Business and Economic Development to expend funds through the Small Business Loan Guarantee

Program if the expenditure is consistent with all of the requirements of this article and Article 1 (commencing with Section 44270).

(3) Advance funds, pursuant to an agreement with the commission, to any of the following:

(A) A public entity.

(B) A recipient to enable it to make advance payments to a public entity that is a subrecipient of the funds and under a binding and enforceable subagreement with the recipient.

(C) An administrator of a block grant program.

SEC. 120. Section 326.3 of the Penal Code is amended to read:

326.3. (a) The Legislature finds and declares all of the following:

(1) Nonprofit organizations provide important and essential educational, philanthropic, and social services to the people of the state.

(2) One of the great strengths of California is a vibrant nonprofit sector.

(3) Nonprofit and philanthropic organizations touch the lives of every Californian through service and employment.

(4) Many of these services would not be available if nonprofit organizations did not provide them.

(5) There is a need to provide methods of fundraising to nonprofit organizations to enable them to provide these essential services.

(6) Historically, many nonprofit organizations have used charitable bingo as one of their key fundraising strategies to promote the mission of the charity.

(7) Legislation is needed to provide greater revenues for nonprofit organizations to enable them to fulfill their charitable purposes, and especially to meet their increasing social service obligations.

(8) Legislation is also needed to clarify that existing law requires that all charitable bingo must be played using a tangible card and that the only permissible electronic devices to be used by charitable bingo players are card-minding devices.

(b) Neither the prohibition on gambling in this chapter nor in Chapter 10 (commencing with Section 330) applies to any remote caller bingo game that is played or conducted in a city, county, or city and county pursuant to an ordinance enacted under Section 19 of Article IV of the California Constitution, if the ordinance allows a remote caller bingo game to be played or conducted only in accordance with this section, including the following requirements:

(1) The game may be conducted only by the following organizations:

(A) An organization that is exempted from the payment of the taxes imposed under the Corporation Tax Law by Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701*l*, or 23701w of the Revenue and Taxation Code.

(B) A mobilehome park association.

(C) A senior citizens' organization.

(D) Charitable organizations affiliated with a school district.

(2) The organization conducting the game shall have been incorporated or in existence for three years or more.

(3) The organization conducting the game shall be licensed pursuant to subdivision (*l*) of Section 326.5.

(4) The receipts of the game shall be used only for charitable purposes. The organization conducting the game shall determine the disbursement of the net receipts of the game.

(5) The operation of bingo may not be the primary purpose for which the organization is organized.

(c) (1) A city, county, or city and county may adopt an ordinance in substantially the following form to authorize remote caller bingo in accordance with the requirements of subdivision (b):

Sec. _.01. Legislative Authorization.

This chapter is adopted pursuant to Section 19 of Article IV of the California Constitution, as implemented by Sections 326.3 and 326.4 of the Penal Code.

Sec. _.02. Remote Caller Bingo Authorized.

Remote Caller Bingo may be lawfully played in the [City, County, or City and County] pursuant to the provisions of Sections 326.3 and 326.4 of the Penal Code, and this chapter, and not otherwise.

Sec. _.03. Qualified Applicants: Applicants for Licensure.

(a) The following organizations are qualified to apply to the License Official for a license to operate a bingo game if the receipts of those games are used only for charitable purposes:

(1) An organization exempt from the payment of the taxes imposed under the Corporation Tax Law by Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701*l*, or 23701w of the Revenue and Taxation Code.

(2) A mobilehome park association of a mobilehome park that is situated in the [City, County, or City and County].

(3) Senior citizen organizations.

(4) Charitable organizations affiliated with a school district.

(b) The application shall be in a form prescribed by the License Official and shall be accompanied by a nonrefundable filing fee in an amount determined by resolution of the [Governing Body of the City, County, or City and County] from time to time. The following documentation shall be attached to the application, as applicable:

(1) A certificate issued by the Franchise Tax Board certifying that the applicant is exempt from the payment of the taxes imposed under the Corporation Tax Law pursuant to Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701*l*, or 23701w of the Revenue and Taxation Code. In lieu of a certificate issued by the Franchise Tax Board, the License Official may refer to the Franchise Tax Board's Internet Web site to verify that the applicant is exempt from the payment of the taxes imposed under the Corporation Tax Law.

(2) Other evidence as the License Official determines is necessary to verify that the applicant is a duly organized mobilehome park association of a mobilehome park situated in the [City, County, or City and County].

Sec. _.04. License Application: Verification.

The license shall not be issued until the License Official has verified the facts stated in the application and determined that the applicant is qualified.

Sec. _.05. Annual Licenses.

A license issued pursuant to this chapter shall be valid until the end of the calendar year, at which time the license shall expire. A new license shall only be obtained upon filing a new application and payment of the license fee. The fact that a license has been issued to an applicant creates no vested right on the part of the licensee to continue to offer bingo for play. The [Governing Body of the City, County, or City and County] expressly reserves the right to amend or repeal this chapter at any time by resolution. If this chapter is repealed, all licenses issued pursuant to this chapter shall cease to be effective for any purpose on the effective date of the repealing resolution.

Sec. _.06. Conditions of Licensure.

(a) Any license issued pursuant to this chapter shall be subject to the conditions contained in Sections 326.3 and 326.4 of the Penal Code, and each licensee shall comply with the requirements of those provisions.

(b) Each license issued pursuant to this chapter shall be subject to the following additional conditions:

(1) Bingo games shall not be conducted by any licensee on more than two days during any week, except that a licensee may hold one additional game, at its election, in each calendar quarter.

(2) The licensed organization is responsible for ensuring that the conditions of this chapter and Sections 326.3 and 326.4 of the Penal Code are complied with by the organization and its officers and members. A violation of any one or more of those conditions or provisions shall constitute cause for the revocation of the organization's license. At the request of the organization, the [Governing Body of the City, County, or City and County] shall hold a public hearing before revoking any license issued pursuant to this chapter.

(3) This section shall not require a city, county, or city and county to use this model ordinance in order to authorize remote caller bingo.

(d) It is a misdemeanor for any person to receive or pay a profit, wage, or salary from any remote caller bingo game, provided that administrative, managerial, technical, financial, and security personnel employed by the organization conducting the bingo game may be paid reasonable fees for services rendered from the revenues of bingo games, as provided in subdivision (*l*), except that fees paid under those agreements shall not be determined as a percentage of receipts or other revenues from, or be dependent on the outcome of, the game.

(e) A violation of subdivision (d) shall be punishable by a fine not to exceed ten thousand dollars ($10,000), which fine shall be deposited in the general fund of the city, county, or city and county that enacted the ordinance authorizing the remote caller bingo game. A violation of any provision of this section, other than subdivision (d), is a misdemeanor.

(f) The city, county, or city and county that enacted the ordinance authorizing the remote caller bingo game, or the Attorney General, may bring an action to enjoin a violation of this section.

(g) No minors shall be allowed to participate in any remote caller bingo game.

(h) A remote caller bingo game shall include only sites that are located within this state.

(i) An organization authorized to conduct a remote caller bingo game pursuant to subdivision (b) shall conduct the game only on property that is owned or leased by the organization, or the use of which is donated to the organization. This subdivision shall not be construed to require that the property that is owned or leased by, or the use of which is donated to, the organization be used or leased exclusively by, or donated exclusively to, that organization.

(j) (1) All remote caller bingo games shall be open to the public, and shall not be limited to the members of the authorized organization.

(2) No more than 750 players may participate in a remote caller bingo game in a single location.

(3) If the Governor or the President declares a state of emergency in response to a natural disaster or other public catastrophe occurring in California, an organization authorized to conduct remote caller bingo games may, while that declaration is in effect, conduct a remote caller bingo game pursuant to this section with more than 750 participants in a single venue if the net proceeds of the game, after deduction of prizes and overhead expenses, are donated to or expended exclusively for the relief of the victims of the disaster or catastrophe, and the organization gives, for each participating remote caller bingo site, the department and local law enforcement at least 10 days' written notice of the intent to conduct that game.

(4) For each participating remote caller bingo site, an organization authorized by the commission to conduct remote caller bingo games shall provide the department and local law enforcement with at least 30 days' advance written notice of its intent to conduct a remote caller bingo game. That notice shall include all of the following:

(A) The legal name of the organization and the address of record of the agent upon whom legal notice may be served.

(B) The locations of the caller and remote players, whether the property is owned by the organization or donated, and if donated, by whom.

(C) The name of the licensed caller and site manager.

(D) The names of administrative, managerial, technical, financial, and security personnel employed.

(E) The name of the vendor and any person or entity maintaining the equipment used to operate and transmit the game.

(F) The name of the person designated as having a fiduciary responsibility for the game pursuant to paragraph (2) of subdivision (k).

(G) The license numbers of all persons specified in subparagraphs (A) to (F), inclusive, who are required to be licensed.

(H) A copy of the local ordinance for any city, county, or city and county in which the game will be played. The department shall post the ordinance on its Internet Web site.

(I) A copy of the license issued to the organization by the governing body of the city, county, or city and county pursuant to subdivision (b).

(k) (1) A remote caller bingo game shall be operated and staffed only by members of the authorized organization that organized it. Those members shall not receive a profit, wage, or salary from any remote caller bingo game. Only the organization authorized to conduct a remote caller bingo game shall operate that game, or participate in the promotion, supervision, or any other phase of a remote caller bingo game. Subject to subdivision (m), this subdivision shall not preclude the employment of administrative, managerial, technical, financial, or security personnel who are not members of the authorized organization at a location participating in the remote caller bingo game by the organization conducting the game. Notwithstanding any other law, exclusive or other agreements between the authorized organization and other entities or persons to provide services in the administration, management, or conduct of the game shall not be considered a violation of the prohibition against holding a legally cognizable financial interest in the conduct of the remote caller bingo game by persons or entities other than the charitable organization, or other entity authorized to conduct the remote caller bingo games, if those persons or entities obtain the gambling licenses, the key employee licenses, or the work permits required by, and otherwise comply with, Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code. Fees to be paid under those agreements shall be reasonable and shall not be determined as a percentage of receipts or other revenues from, or be dependent on the outcome of, the game.

(2) An organization that conducts a remote caller bingo game shall designate a person as having fiduciary responsibility for the game.

(*l*) No individual, corporation, partnership, or other legal entity, except the organization authorized to conduct or participate in a remote caller bingo game, shall hold a legally cognizable financial interest in the conduct of that game.

(m) An organization authorized to conduct a remote caller bingo game pursuant to this section shall not have overhead costs exceeding 20 percent of gross sales, except that the limitations of this section shall not apply to one-time, nonrecurring capital acquisitions. For purposes of this subdivision, "overhead costs" includes, but is not limited to, amounts paid for rent and equipment leasing and the reasonable fees authorized to be paid to administrative, managerial, technical, financial, and security personnel employed by the organization pursuant to subdivision (d). For the purpose of keeping its overhead costs below 20 percent of gross sales, an authorized organization may elect to deduct all or a portion of the fees paid to financial institutions for the use and processing of credit card sales from the amount of gross revenues awarded for prizes. In that case, the redirected fees for the use and processing of credit card sales shall not be included in "overhead

costs" as defined in the California Remote Caller Bingo Act. Additionally, fees paid to financial institutions for the use and processing of credit card sales shall not be deducted from the proceeds retained by the charitable organization.

(n) A person shall not be allowed to participate in a remote caller bingo game unless the person is physically present at the time and place where the remote caller bingo game is being conducted. A person shall be deemed to be physically present at the place where the remote caller bingo game is being conducted if he or she is present at any of the locations participating in the remote caller bingo game in accordance with this section.

(o) (1) An organization shall not cosponsor a remote caller bingo game with one or more other organizations unless one of the following is true:

(A) All of the cosponsors are affiliated under the master charter or articles and bylaws of a single organization.

(B) All of the cosponsors are affiliated through an organization described in paragraph (1) of subdivision (b), and have the same Internal Revenue Service activity code.

(2) Notwithstanding paragraph (1), a maximum of 10 unaffiliated organizations described in paragraph (1) of subdivision (b) may enter into an agreement to cosponsor a remote caller game, but that game shall have no more than 10 locations.

(3) An organization shall not conduct remote caller bingo more than two days per week.

(4) Before sponsoring or operating any game authorized under paragraph (1) or (2), each of the cosponsoring organizations shall have entered into a written agreement, a copy of which shall be provided to the department, setting forth how the expenses and proceeds of the game are to be allocated among the participating organizations, the bank accounts into which all receipts are to be deposited and from which all prizes are to be paid, and how game records are to be maintained and subjected to annual audit.

(p) The value of prizes awarded during the conduct of any remote caller bingo game shall not exceed 37 percent of the gross receipts for that game. When an authorized organization elects to deduct fees paid for the use and processing of credit card sales from the amount of gross revenues for that game awarded for prizes, the maximum amount of gross revenues that may be awarded for prizes shall not exceed 37 percent of the gross receipts for that game, less the amount of redirected fees paid for the use and processing of credit card sales. Every remote caller bingo game shall be played until a winner is declared. Progressive prizes are prohibited. The declared winner of a remote caller bingo game shall provide his or her identifying information and a mailing address to the onsite manager of the remote caller bingo game. Prizes shall be paid only by check; no cash prizes shall be paid. The organization conducting the remote caller bingo game may issue a check to the winner at the time of the game, or may send a check to the declared winner by United States Postal Service certified mail, return receipt requested. All prize money exceeding state and federal exemption limits on prize money shall be subject to income tax reporting and withholding

requirements under applicable state and federal laws and regulations and those reports and withholding shall be forwarded, within 10 business days, to the appropriate state or federal agency on behalf of the winner. A report shall accompany the amount withheld identifying the person on whose behalf the money is being sent. Any game interrupted by a transmission failure, electrical outage, or act of God shall be considered void in the location that was affected. A refund for a canceled game or games shall be provided to the purchasers.

(q) (1) The commission shall require the licensure of the following:

(A) Any person who contracts to conduct remote caller bingo on behalf of an organization described in subdivision (b) or who is identified as having fiduciary responsibility for the game pursuant to subdivision (k).

(B) Any person who directly or indirectly manufactures, distributes, supplies, vends, leases, or otherwise provides supplies, devices, services, or other equipment designed for use in the playing of a remote caller bingo game by any organization described in subdivision (b).

(C) Beginning January 31, 2009, or a later date as may be established by the commission, all persons described in subparagraph (A) or (B) may submit to the commission a letter of intent to submit an application for licensure. The letter shall clearly identify the principal applicant, all categories under which the application will be filed, and the names of all those particular individuals who are applying. Each charitable organization shall provide an estimate of the frequency with which it plans to conduct remote caller bingo operations, including the number of locations. The letter of intent may be withdrawn or updated at any time.

(2) (A) Background investigations related to remote caller bingo conducted by the department shall be in accordance with the Gambling Control Act (Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code) and as specified in regulations promulgated by the commission or the department.

(B) Fees to cover background investigation costs shall be paid and accounted for in accordance with Section 19867 of the Business and Professions Code.

(3) (A) Every application for a license or approval by a person described in subparagraph (A) of paragraph (1) shall be submitted to the department and accompanied by a nonrefundable fee.

(B) Fees and revenue collected pursuant to this paragraph shall be deposited in the California Bingo Fund, which is hereby created in the State Treasury. The funds deposited in the California Bingo Fund shall be available, upon appropriation by the Legislature, for expenditure by the commission and the department exclusively for the support of the commission and department in carrying out their duties and responsibilities under this section and Section 326.5.

(C) A loan is hereby authorized from the Gambling Control Fund to the California Bingo Fund on or after January 1, 2009, in an amount of up to five hundred thousand dollars ($500,000) to fund operating, personnel, and other startup costs incurred by the commission and department relating to

this section. Funds from the California Bingo Fund shall be available to the commission and department upon appropriation by the Legislature in the annual Budget Act. The loan shall be subject to all of the following conditions:

(i) The loan shall be repaid to the Gambling Control Fund as soon as there is sufficient money in the California Bingo Fund to repay the amount loaned, but no later than July 1, 2019.

(ii) Interest on the loan shall be paid from the California Bingo Fund at the rate accruing to moneys in the Pooled Money Investment Account.

(iii) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards.

The commission and department may assess and collect reasonable fees and deposits as necessary to defray the costs of regulation and oversight.

(D) Notwithstanding any other law, the loan authorized by Provision 1 of Item 0855-001-0567 of the Budget Act of 2009, in the amount of four hundred fifty-seven thousand dollars ($457,000), shall be repaid no later than July 1, 2019.

(E) The licensing fee for any person or entity that directly or indirectly manufactures, distributes, supplies, vends, leases, or otherwise provides supplies, devices, services, or other equipment designed for use in the playing of a remote caller bingo game by any nonprofit organization shall be in an amount determined by the department, not to exceed the reasonable regulatory costs to the department and in accordance with regulations adopted pursuant to this chapter. Prior to the adoption of the regulations, the nonrefundable license fee shall be the amount of the reasonable regulatory costs to the department, not to exceed three thousand dollars ($3,000) per year.

(r) The administrative, managerial, technical, financial, and security personnel employed by an organization that conducts remote caller bingo games shall apply for, obtain, and thereafter maintain valid work permits, as defined in Section 19805 of the Business and Professions Code.

(s) An organization that conducts remote caller bingo games shall retain records in connection with the remote caller bingo game for five years.

(t) (1) All equipment used for remote caller bingo shall be certified as compliant with regulations adopted by the department by a manufacturing expert recognized by the department. Certifications shall be submitted to the department prior to the use of any equipment subject to this subdivision.

(2) The department may monitor operation of the transmission and other equipment used for remote caller bingo, and monitor the game.

(u) (1) As used in this section, “remote caller bingo game” means a game of bingo, as defined in subdivision (o) of Section 326.5, in which the numbers or symbols on randomly drawn plastic balls are announced by a natural person present at the site at which the live game is conducted, and the organization conducting the bingo game uses audio and video technology to link any of its in-state facilities for the purpose of transmitting the remote calling of a live bingo game from a single location to multiple locations

owned, leased, or rented by that organization, or as described in subdivision (o) of this section. The audio or video technology used to link the facilities may include cable, Internet, satellite, broadband, or telephone technology, or any other means of electronic transmission that ensures the secure, accurate, and simultaneous transmission of the announcement of numbers or symbols in the game from the location at which the game is called by a natural person to the remote location or locations at which players may participate in the game. The drawing of each ball bearing a number or symbol by the natural person calling the game shall be visible to all players as the ball is drawn, including through a simultaneous live video feed at remote locations at which players may participate in the game.

(2) The caller in the live game must be licensed by the California Gambling Control Commission. A game may be called by a nonlicensed caller if the drawing of balls and calling of numbers or symbols by that person is observed and personally supervised by a licensed caller.

(3) Remote caller bingo games shall be played using traditional paper or other tangible bingo cards and daubers, and shall not be played by using electronic devices, except card-minding devices, as described in paragraph (1) of subdivision (p) of Section 326.5.

(4) Prior to conducting a remote caller bingo game, the organization that conducts remote caller bingo shall submit to the department the controls, methodology, and standards of game play, which shall include, but not be limited to, the equipment used to select bingo numbers and create or originate cards, control or maintenance, distribution to participating locations, and distribution to players. Those controls, methodologies, and standards shall be subject to prior approval by the department, provided that the controls shall be deemed approved by the department after 90 days from the date of submission unless disapproved.

(v) A location shall not be eligible to participate in a remote caller bingo game if bingo games are conducted at that location in violation of Section 326.5 or any regulation adopted by the commission pursuant to Section 19841 of the Business and Professions Code, including, but not limited to, a location at which unlawful electronic devices are used.

(w) (1) The vendor of the equipment used in a remote caller bingo game shall have its books and records audited at least annually by an independent California certified public accountant and shall submit the results of that audit to the department within 120 days after the close of the vendor's fiscal year. In addition, the department may audit the books and records of the vendor at any time.

(2) An authorized organization that conducts remote caller bingo games shall be audited by an independent California certified public accountant at least annually and copies of the audit reports shall be provided to the department within 60 days of completion of the audit report. A city, county, or city and county shall be provided a full copy of the audit or an audit report upon request. The audit report shall account for the annual amount of fees paid to financial institutions for the use and processing of credit card sales by the authorized organization and the amount of fees for the use and

processing of credit card sales redirected from "overhead costs" and deducted from the amount of gross revenues awarded for prizes.

(3) The costs of the licensing and audits required by this section shall be borne by the person or entity required to be licensed or audited. The audit shall enumerate the receipts for remote caller bingo, the prizes disbursed, the overhead costs, and the amount retained by the nonprofit organization. The department may audit the books and records of an organization that conducts remote caller bingo games at any time.

(4) If the department identifies practices in violation of this section, the license for the audited entity may be suspended pending review and hearing before the commission for a final determination.

(x) (1) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

(2) Notwithstanding paragraph (1), if paragraph (1) or (3) of subdivision (u), or the application of either of those provisions, is held invalid, this entire section shall be invalid.

(y) The department shall submit a report to the Legislature, on or before January 1, 2016, on the fundraising effectiveness and regulation of remote caller bingo, and other matters that are relevant to the public interest regarding remote caller bingo.

(z) The following definitions apply for purposes of this section:

(1) "Commission" means the California Gambling Control Commission.

(2) "Department" means the Department of Justice.

(3) "Person" includes a natural person, corporation, limited liability company, partnership, trust, joint venture, association, or any other business organization.

(aa) This section shall become inoperative on July 1, 2016, and, as of January 1, 2017, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2017, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 121. Section 326.4 of the Penal Code is amended to read:

326.4. (a) Consistent with the Legislature's finding that card-minding devices, as described in subdivision (p) of Section 326.5, are the only permissible electronic devices to be used by charity bingo players, and in an effort to ease the transition to remote caller bingo on the part of those nonprofit organizations that, as of July 1, 2008, used electronic devices other than card-minding devices to conduct games in reliance on an ordinance of a city, county, or city and county that, as of July 1, 2008, expressly recognized the operation of electronic devices other than card-minding devices by organizations purportedly authorized to conduct bingo in the city, county, or city and county, there is hereby created the Charity Bingo Mitigation Fund.

(b) The Charity Bingo Mitigation Fund shall be administered by the Department of Justice.

(c) Mitigation payments to be made by the Charity Bingo Mitigation Fund shall not exceed five million dollars ($5,000,000) in the aggregate.

(d) (1) To allow the Charity Bingo Mitigation Fund to become immediately operable, five million dollars ($5,000,000) shall be loaned from the accrued interest in the Indian Gaming Special Distribution Fund to the Charity Bingo Mitigation Fund on or after January 1, 2009, to make mitigation payments to eligible nonprofit organizations. Five million dollars ($5,000,000) of this loan amount is hereby appropriated to the California Gambling Control Commission for the purposes of providing mitigation payments to certain charitable organizations, as described in subdivision (e). Pursuant to Section 16304 of the Government Code, after three years the unexpended balance shall revert back to the Charity Bingo Mitigation Fund.

(2) To reimburse the Special Distribution Fund, those nonprofit organizations that conduct a remote caller bingo game pursuant to Section 326.3 shall pay to the Department of Justice an amount equal to 5 percent of the gross revenues of each remote caller bingo game played until that time as the full advanced amount plus interest on the loan at the rate accruing to moneys in the Pooled Money Investment Account is reimbursed.

(e) (1) An organization meeting the requirements in subdivision (a) shall be eligible to receive mitigation payments from the Charity Bingo Mitigation Fund only if the city, county, or city and county in which the organization is located maintained official records of the net revenues generated for the fiscal year ending June 30, 2008, by the organization from the use of electronic devices or the organization maintained audited financial records for the fiscal year ending June 30, 2008, which show the net revenues generated from the use of electronic devices.

(2) In addition, an organization applying for mitigation payments shall provide proof that its board of directors has adopted a resolution and its chief executive officer has signed a statement executed under penalty of perjury stating that, as of January 1, 2009, the organization has ceased using electronic devices other than card-minding devices, as described in subdivision (p) of Section 326.5, as a fundraising tool.

(3) Each eligible organization may apply to the California Gambling Control Commission no later than January 31, 2009, for the mitigation payments in the amount equal to net revenues from the fiscal year ending June 30, 2008, by filing an application, including therewith documents and other proof of eligibility, including any and all financial records documenting the organization's net revenues for the fiscal year ending June 30, 2008, as the California Gambling Control Commission may require. The California Gambling Control Commission is authorized to access and examine the financial records of charities requesting funding in order to confirm the legitimacy of the request for funding. In the event that the total of those requests exceeds five million dollars ($5,000,000), payments to all eligible applicants shall be reduced in proportion to each requesting organization's reported or audited net revenues from the operation of electronic devices.

SEC. 122. Section 326.5 of the Penal Code is amended to read:

326.5. (a) Neither the prohibition on gambling in this chapter nor in Chapter 10 (commencing with Section 330) applies to any bingo game that is conducted in a city, county, or city and county pursuant to an ordinance enacted under Section 19 of Article IV of the State Constitution, if the ordinance allows games to be conducted only in accordance with this section and only by organizations exempted from the payment of the bank and corporation tax by Sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701w, and 23701*l* of the Revenue and Taxation Code and by mobilehome park associations, senior citizens organizations, and charitable organizations affiliated with a school district; and if the receipts of those games are used only for charitable purposes.

(b) It is a misdemeanor for any person to receive or pay a profit, wage, or salary from any bingo game authorized by Section 19 of Article IV of the State Constitution. Security personnel employed by the organization conducting the bingo game may be paid from the revenues of bingo games, as provided in subdivisions (j) and (k).

(c) A violation of subdivision (b) shall be punishable by a fine not to exceed ten thousand dollars ($10,000), which fine is deposited in the general fund of the city, county, or city and county that enacted the ordinance authorizing the bingo game. A violation of any provision of this section, other than subdivision (b), is a misdemeanor.

(d) The city, county, or city and county that enacted the ordinance authorizing the bingo game may bring an action to enjoin a violation of this section.

(e) Minors shall not be allowed to participate in any bingo game.

(f) An organization authorized to conduct bingo games pursuant to subdivision (a) shall conduct a bingo game only on property owned or leased by it, or property whose use is donated to the organization, and which property is used by that organization for an office or for performance of the purposes for which the organization is organized. Nothing in this subdivision shall be construed to require that the property owned or leased by, or whose use is donated to, the organization be used or leased exclusively by, or donated exclusively to, that organization.

(g) All bingo games shall be open to the public, not just to the members of the authorized organization.

(h) A bingo game shall be operated and staffed only by members of the authorized organization that organized it. Those members shall not receive a profit, wage, or salary from any bingo game. Only the organization authorized to conduct a bingo game shall operate such a game, or participate in the promotion, supervision, or any other phase of a bingo game. This subdivision does not preclude the employment of security personnel who are not members of the authorized organization at a bingo game by the organization conducting the game.

(i) Any individual, corporation, partnership, or other legal entity, except the organization authorized to conduct a bingo game, shall not hold a financial interest in the conduct of a bingo game.

(j) With respect to organizations exempt from payment of the bank and corporation tax by Section 23701d of the Revenue and Taxation Code, all profits derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account. Those profits shall be used only for charitable purposes.

(k) With respect to other organizations authorized to conduct bingo games pursuant to this section, all proceeds derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account. Proceeds are the receipts of bingo games conducted by organizations not within subdivision (j). Those proceeds shall be used only for charitable purposes, except as follows:

(1) The proceeds may be used for prizes.

(2) (A) Except as provided in subparagraph (B), a portion of the proceeds, not to exceed 20 percent of the proceeds before the deduction for prizes, or two thousand dollars ($2,000) per month, whichever is less, may be used for the rental of property and for overhead, including the purchase of bingo equipment, administrative expenses, security equipment, and security personnel.

(B) For the purposes of bingo games conducted by the Lake Elsinore Elks Lodge, a portion of the proceeds, not to exceed 20 percent of the proceeds before the deduction for prizes, or three thousand dollars ($3,000) per month, whichever is less, may be used for the rental of property and for overhead, including the purchase of bingo equipment, administrative expenses, security equipment, and security personnel. Any amount of the proceeds that is additional to that permitted under subparagraph (A), up to one thousand dollars ($1,000), shall be used for the purpose of financing the rebuilding of the facility and the replacement of equipment that was destroyed by fire in 2007. The exception to subparagraph (A) that is provided by this subparagraph shall remain in effect only until the cost of rebuilding the facility is repaid, or January 1, 2019, whichever occurs first.

(3) The proceeds may be used to pay license fees.

(4) A city, county, or city and county that enacts an ordinance permitting bingo games may specify in the ordinance that if the monthly gross receipts from bingo games of an organization within this subdivision exceed five thousand dollars ($5,000), a minimum percentage of the proceeds shall be used only for charitable purposes not relating to the conducting of bingo games and that the balance shall be used for prizes, rental of property, overhead, administrative expenses, and payment of license fees. The amount of proceeds used for rental of property, overhead, and administrative expenses is subject to the limitations specified in paragraph (2).

(*l*) (1) A city, county, or city and county may impose a license fee on each organization that it authorizes to conduct bingo games. The fee, whether for the initial license or renewal, shall not exceed fifty dollars ($50) annually, except as provided in paragraph (2). If an application for a license is denied, one-half of any license fee paid shall be refunded to the organization.

(2) In lieu of the license fee permitted under paragraph (1), a city, county, or city and county may impose a license fee of fifty dollars ($50) paid upon

application. If an application for a license is denied, one-half of the application fee shall be refunded to the organization. An additional fee for law enforcement and public safety costs incurred by the city, county, or city and county that are directly related to bingo activities may be imposed and shall be collected monthly by the city, county, or city and county issuing the license; however, the fee shall not exceed the actual costs incurred in providing the service.

(m) A person shall not be allowed to participate in a bingo game, unless the person is physically present at the time and place where the bingo game is being conducted.

(n) The total value of prizes available to be awarded during the conduct of any bingo games shall not exceed five hundred dollars ($500) in cash or kind, or both, for each separate game which is held.

(o) As used in this section, "bingo" means a game of chance in which prizes are awarded on the basis of designated numbers or symbols that are marked or covered by the player on a tangible card in the player's possession and that conform to numbers or symbols, selected at random and announced by a live caller. Notwithstanding Section 330c, as used in this section, the game of bingo includes tangible cards having numbers or symbols that are concealed and preprinted in a manner providing for distribution of prizes. Electronics or video displays shall not be used in connection with the game of bingo, except in connection with the caller's drawing of numbers or symbols and the public display of that drawing, and except as provided in subdivision (p). The winning cards shall not be known prior to the game by any person participating in the playing or operation of the bingo game. All preprinted cards shall bear the legend, "for sale or use only in a bingo game authorized under California law and pursuant to local ordinance." Only a covered or marked tangible card possessed by a player and presented to an attendant may be used to claim a prize. It is the intention of the Legislature that bingo as defined in this subdivision applies exclusively to this section and shall not be applied in the construction or enforcement of any other provision of law.

(p) (1) Players who are physically present at a bingo game may use hand-held, portable card-minding devices, as described in this subdivision, to assist in monitoring the numbers or symbols announced by a live caller as those numbers or symbols are called in a live game. Card-minding devices may not be used in connection with any game where a bingo card may be sold or distributed after the start of the ball draw for that game. A card-minding device shall do all of the following:

(A) Be capable of storing in the memory of the device bingo faces of tangible cards purchased by a player.

(B) Provide a means for bingo players to input manually each individual number or symbol announced by a live caller.

(C) Compare the numbers or symbols entered by the player to the bingo faces previously stored in the memory of the device.

(D) Identify winning bingo patterns that exist on the stored bingo faces.

(2) A card-minding device shall perform no functions involving the play of the game other than those described in paragraph (1). Card-minding devices shall not do any of the following:

(A) Be capable of accepting or dispensing any coins, currency, or other representative of value or on which value has been encoded.

(B) Be capable of monitoring any bingo card face other than the faces of the tangible bingo card or cards purchased by the player for that game.

(C) Display or represent the game result through any means, including, but not limited to, video or mechanical reels or other slot machine or casino game themes, other than highlighting the winning numbers or symbols marked or covered on the tangible bingo cards or giving an audio alert that the player's card has a prize-winning pattern.

(D) Determine the outcome of any game or be physically or electronically connected to any component that determines the outcome of a game or to any other bingo equipment, including, but not limited to, the ball call station, or to any other card-minding device. No other player-operated or player-activated electronic or electromechanical device or equipment is permitted to be used in connection with a bingo game.

(3) (A) A card-minding device shall be approved in advance by the department as meeting the requirements of this section and any additional requirements stated in regulations adopted by the department. Any proposed material change to the device, including any change to the software used by the device, shall be submitted to the department and approved by the department prior to implementation.

(B) In accordance with Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code, the commission shall establish reasonable criteria for, and require the licensure of, any person that directly or indirectly manufactures, distributes, supplies, vends, leases, or otherwise provides card-minding devices or other supplies, equipment, or services related to card-minding devices designed for use in the playing of bingo games by any nonprofit organization.

(C) A person or entity that supplies or services any card-minding device shall meet all licensing requirements established by the commission in regulations.

(4) The costs of any testing, certification, license, or determination required by this subdivision shall be borne by the person or entity seeking it.

(5) On and after January 1, 2010, the Department of Justice may inspect all card-minding devices at any time without notice, and may immediately prohibit the use of any device that does not comply with the requirements established by the department in regulations. The Department of Justice may at any time, without notice, impound any device the use of which has been prohibited by the commission.

(6) The Department of Justice shall issue regulations to implement the requirements of this subdivision, and the California Gambling Control Commission may issue regulations regarding the means by which the operator of a bingo game, as required by applicable law, may offer assistance

to a player with disabilities in order to enable that player to participate in a bingo game, provided that the means of providing that assistance shall not be through any electronic, electromechanical, or other device or equipment that accepts the insertion of any coin, currency, token, credit card, or other means of transmitting value, and does not constitute or is not a part of a system that constitutes a video lottery terminal, slot machine, or device prohibited by Chapter 10 (commencing with Section 330).

(7) The following definitions apply for purposes of this subdivision:

(A) "Commission" means the California Gambling Control Commission.

(B) "Department" means the Department of Justice.

(C) "Person" includes a natural person, corporation, limited liability company, partnership, trust, joint venture, association, or any other business organization.

SEC. 123. Section 25464 of the Public Resources Code is amended to read:

25464. (a) For purposes of this section, the following definitions apply:

(1) "Fund" means the Clean and Renewable Energy Business Financing Revolving Loan Fund.

(2) "Program" means the Clean and Renewable Energy Business Financing Revolving Loan Program.

(b) (1) The commission may use federal funds available pursuant to this chapter to implement the Clean and Renewable Energy Business Financing Revolving Loan Program to provide low interest loans to California clean and renewable energy manufacturing businesses.

(2) The commission may use other funding sources to leverage loans awarded under the program.

(c) The commission may work directly with the Governor's Office of Business and Economic Development, the Treasurer, or any other state agency, board, commission, or authority to implement and administer the program, and may contract for private services as needed to implement the program.

(d) The commission may collect an application fee from applicants applying for funding under the program to help offset the costs of administering the program.

(e) (1) The Clean and Renewable Energy Business Financing Revolving Loan Fund is hereby established in the State Treasury to implement the program. The commission is authorized to administer the fund for this purpose. Notwithstanding Section 13340 of the Government Code, the money in the fund is continuously appropriated to the commission, without regard to fiscal years, to implement the program.

(2) Upon direction by the commission, the Controller shall create any accounts or subaccounts within the fund that the commission determines are necessary to facilitate management of the fund.

(3) The Controller shall disburse and receive moneys in the fund for purposes of the program and as authorized by the commission.

(4) All loans and repayments of loans made pursuant to this section, including interest payments, penalty payments, and all interest earning on

or accruing to any moneys in the fund, shall be deposited in the fund and shall be available for the purposes of this section.

(5) The commission may expend up to 5 percent of moneys in the fund for its administrative costs to implement the program.

(f) Federal funds available to the commission pursuant to this chapter shall be transferred to the fund in the loan amounts when loans are awarded under the program by the commission.

SEC. 124. Section 41136 of the Revenue and Taxation Code is amended to read:

41136. From the funds in the State Emergency Telephone Number Account, a minimum of one-half of 1 percent of the charges for intrastate telephone communications and VoIP service to which the surcharge applies shall, when appropriated by the Legislature, be spent solely for the following purposes:

(a) To pay refunds authorized by this part.

(b) To pay the State Board of Equalization for the cost of the administration of this part.

(c) To pay the Office of Emergency Services for its costs in administration of the "911" emergency telephone number system.

(d) To pay bills submitted to the Office of Emergency Services by service suppliers or communications equipment companies for the installation of, and ongoing expenses for, the following communications services supplied to local agencies in connection with the "911" emergency phone number system:

(1) A basic system.

(2) A basic system with telephone central office identification.

(3) A system employing automatic call routing.

(4) Approved incremental costs.

(e) To pay claims of local agencies for approved incremental costs, not previously compensated for by another governmental agency.

(f) To pay claims of local agencies for incremental costs and amounts, not previously compensated for by another governmental agency, incurred prior to the effective date of this part, for the installation and ongoing expenses for the following communication services supplied in connection with the "911" emergency telephone number system:

(1) A basic system.

(2) A basic system with telephone central office identification.

(3) A system employing automatic call routing.

(4) Approved incremental costs. Incremental costs shall not be allowed unless the costs are concurred in by the Office of Emergency Services.

SEC. 125. Section 335 of the Unemployment Insurance Code is amended to read:

335. The department, in consultation and coordination with the film and movie industry, the Governor's Office of Business and Economic Development, and the California Film Commission shall do all of the following, contingent upon the appropriation of funds in the annual Budget Act for these specified purposes:

(a) Research and maintain data on the employment and output of the film industry, including full-time, part-time, contract, and short duration or single event employees.

(b) Examine the ethnic diversity and representation of minorities in the entertainment industry.

(c) Determine the overall direct and indirect economic impact of the film industry.

(d) Monitor film industry employment and activity in other states and countries that compete with California for film production.

(e) Review the effect that federal and state laws and local ordinances have on the filmed entertainment industry.

(f) Prepare and release biannually a report to the chairpersons of the appropriate Senate and Assembly policy committees that details the information required by this section.

SEC. 126. Section 10200 of the Unemployment Insurance Code is amended to read:

10200. The Legislature finds and declares the following:

(a) California's economy is being challenged by competition from other states and overseas. In order to meet this challenge, California's employers, workers, labor organizations, and government need to invest in a skilled and productive workforce, and in developing the skills of frontline workers. For purposes of this section, "frontline worker" means a worker who directly produces or delivers goods or services.

The purpose of this chapter is to establish a strategically designed employment training program to promote a healthy labor market in a growing, competitive economy that shall fund only projects that meet the following criteria:

(1) Foster creation of high-wage, high-skilled jobs, or foster retention of high-wage, high-skilled jobs in manufacturing and other industries that are threatened by out-of-state and global competition, including, but not limited to, those industries in which targeted training resources for California's small and medium-sized business suppliers will increase the state's competitiveness to secure federal, private sector, and other nonstate funds. In addition, provide for retraining contracts in companies that make a monetary or in-kind contribution to the funded training enhancements.

(2) Encourage industry-based investment in human resources development that promotes the competitiveness of California industry through productivity and product quality enhancements.

(3) Result in secure jobs for those who successfully complete training. All training shall be customized to the specific requirements of one or more employers or a discrete industry and shall include general skills that trainees can use in the future.

(4) Supplement, rather than displace, funds available through existing programs conducted by employers and government-funded training programs, such as the Workforce Investment Act of 1998 (29 U.S.C. Sec. 2801 et seq.), the Carl D. Perkins Vocational Education Act (Public Law 98-524), CalWORKs (Chapter 2 (commencing with Section 11200) of Part

3 of Division 9 of the Welfare and Institutions Code), the Enterprise Zone Act (Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 1 of the Government Code), and the McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11301 et seq.), the California Community Colleges Economic Development Program, or apportionment funds allocated to the community colleges, regional occupational centers and programs, or other local educational agencies. In addition, it is further the intention of the Legislature that programs developed pursuant to this chapter shall not replace, parallel, supplant, compete with, or duplicate in any way already existing approved apprenticeship programs.

(b) The Employment Training Panel, in funding projects that meet the requirements of subdivision (a), shall give funding priority to those projects that best meet the following goals:

(1) Result in the growth of the California economy by stimulating exports from the state and the production of goods and services that would otherwise be imported from outside the state.

(2) Train new employees of firms locating or expanding in the state that provide high-skilled, high-wage jobs and are committed to an ongoing investment in the training of frontline workers.

(3) Develop workers with skills that prepare them for the challenges of a high performance workplace of the future.

(4) Train workers who have been displaced, have received notification of impending layoff, or are subject to displacement, because of a plant closure, workforce reduction, changes in technology, or significantly increasing levels of international and out-of-state competition.

(5) Are jointly developed by business management and worker representatives.

(6) Develop career ladders for workers.

(7) Promote the retention and expansion of the state's manufacturing workforce.

(c) The program established through this chapter is to be coordinated with all existing employment training programs and economic development programs, including, but not limited to, programs such as the Workforce Investment Act of 1998 (29 U.S.C. Sec. 2801 et seq.), the California Community Colleges, the regional occupational programs, vocational education programs, joint labor-management training programs, and related programs under the Employment Development Department and the Governor's Office of Business and Economic Development, and the Business, Consumer Services, and Housing Agency.

SEC. 127. Section 10202.5 of the Unemployment Insurance Code is amended to read:

10202.5. (a) The panel shall consist of eight persons, seven of whom shall be appointed as provided in subdivision (b), and shall have experience and a demonstrated interest in business management and employment relations. The Director of the Governor's Office of Business and Economic Development, or his or her designee, shall also serve on the panel as an ex officio, voting member.

(b) (1) Two members of the panel shall be appointed by the Speaker of the Assembly. One of those members shall be a private sector labor representative and the other member shall be a business representative.

(2) Two members of the panel shall be appointed by the President pro Tempore of the Senate. One of those members shall be a private sector labor representative and the other member shall be a business representative.

(3) Three members of the panel shall be appointed by the Governor. One of those members shall be a private sector labor representative, one member shall be a business representative, and one member shall be a public member.

(4) Labor appointments shall be made from nominations from state labor federations. Business appointments shall be made from nominations from state business organizations and business trade associations.

(5) The Governor shall designate a member to chair the panel, and the person so designated shall serve as the chair of the panel at the pleasure of the Governor.

(c) The appointive members of the panel shall serve for two-year terms.

(d) Appointive members of the panel shall receive the necessary traveling and other expenses incurred by them in the performance of their official duties out of appropriations made for the support of the panel. In addition, each appointive member of the panel shall receive one hundred dollars ($100) for each day attending meetings of the panel, and may receive one hundred dollars ($100) for each day spent conducting other official business of the panel, but not exceeding a maximum of three hundred dollars ($300) per month.

SEC. 128. Section 15002 of the Unemployment Insurance Code is amended to read:

15002. (a) The California Workforce Investment Board (CWIB) shall establish a special committee known as the Green Collar Jobs Council (GCJC), comprised of the appropriate representatives from the CWIB existing membership, including the K–12 representative, the California Community Colleges representative, the Governor's Office of Business and Economic Development representative, the Employment Development Department representative, and other appropriate members. The GCJC may consult with other state agencies, other higher education representatives, local workforce investment boards, and industry representatives as well as philanthropic, nongovernmental, and environmental groups, as appropriate, in the development of a strategic initiative. To the extent private funds are available, is the intent of the Legislature that the GCJC will develop an annual award for outstanding achievement for workforce training programs operated by local or state agencies, businesses, or nongovernment organizations to be named after Parrish R. Collins.

(b) As part of the strategic initiative, the GCJC shall focus on developing the framework, funding, strategies, programs, policies, partnerships, and opportunities necessary to address the growing need for a highly skilled and well-trained workforce to meet the needs of California's emerging green economy. The GCJC shall do all of the following:

(1) Assist in identifying and linking green collar job opportunities with workforce development training opportunities in local workforce investment areas (LWIAs), encouraging regional collaboration among LWIAs to meet regional economic demands.

(2) Align workforce development activities with regional economic recovery and growth strategies.

(3) Develop public, private, philanthropic, and nongovernmental partnerships to build and expand the state's workforce development programs, network, and infrastructure.

(4) Provide policy guidance for job training programs for the clean and green technology sectors to help them prepare specific populations, such as at-risk youth, displaced workers, veterans, formerly incarcerated individuals, and others facing barriers to employment.

(5) Develop, collect, analyze, and distribute statewide and regional labor market data on California's new and emerging green industries workforce needs, trends, and job growth.

(6) Collaborate with community colleges and other educational institutions, registered apprenticeship programs, business and labor organizations, and community-based and philanthropic organizations to align workforce development services with strategies for regional economic growth.

(7) Identify funding resources and make recommendations on how to expand and leverage these funds.

(8) Foster regional collaboratives in the green economic sector.

(c) The CWIB may accept any revenues, moneys, grants, goods, or services from federal and state entities, philanthropic organizations, and other sources, to be used for purposes relating to the administration and implementation of the strategic initiative, as described in subdivision (b). The CWIB shall also ensure the highest level of transparency and accountability and make information available on the CWIB Internet Web site.

(d) Upon appropriation by the Legislature, the department may expend the moneys and revenues received pursuant to subdivision (c) for purposes related to the administration and implementation of the strategic initiative, and for the award of workforce training grants implementing the strategic initiative.

SEC. 129. This act shall become operative on July 1, 2013, except that Section 12 of this act, amending Section 5405 of the Civil Code, shall become operative on January 1, 2014.

SEC. 130. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

To allow programmatic changes in statute to be operative at the same time the Governor's Reorganization Plan No. 2 of 2012 becomes operative, it is necessary that this act take effect immediately.

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