

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 693

Introduced by Assembly Member Eggman

February 25, 2015

An act to amend ~~Section 2852 of the Public Utilities Code, relating to renewable energy resources. Sections 1812.84 and 1812.85 of the Civil Code, relating to health studio services.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 693, as amended, Eggman. ~~Renewable energy: solar energy systems: low-income residential housing. Health studio services: cancellation.~~

Existing law authorizes a consumer to cancel a contract for health studio services within specified timeframes after the contract is executed, if the health studio fails to provide the specific facilities advertised or offered, or if the health studio eliminates or reduces the scope of the facilities, as specified.

The bill would specify that a contract for health studio services may be canceled by the buyer in person or via first-class mail. The bill would make other conforming changes.

~~Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. A decision of the PUC adopted the California Solar Initiative. Existing law requires the PUC to undertake certain steps in implementing the California Solar Initiative for low-income residential housing.~~

~~The bill would make a nonsubstantive change to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

1 SECTION 1. Section 1812.84 of the Civil Code is amended to
2 read:

3 1812.84. (a) A contract for health studio services may not
4 require payments or financing by the buyer to exceed the term of
5 the contract, nor may the term of the contract exceed three years.
6 This subdivision does not apply to a member’s obligation to pay
7 valid, outstanding moneys due under the contract, including
8 moneys to be paid pursuant to a termination notice period in the
9 contract in which the termination notice period does not exceed
10 30 days.

11 (b) A contract for health studio services shall include a statement
12 printed in a size at least 14-point type that discloses the length of
13 the term of the contract. This statement shall be placed above the
14 space reserved for the signature of the buyer.

15 (c) *At any time a cancellation is authorized by this title, a*
16 *contract for health studio services may be canceled by the buyer*
17 *in person or via first-class mail.*

18 SEC. 2. Section 1812.85 of the Civil Code is amended to read:

19 1812.85. (a) Every contract for health studio services shall
20 provide that performance of the agreed-upon services will begin
21 within six months after the date the contract is entered into. The
22 consumer may cancel the contract and receive a pro rata refund if
23 the health studio fails to provide the specific facilities advertised
24 or offered in writing by the time indicated. If no time is indicated
25 in the contract, the consumer may cancel the contract within six
26 months after the execution of the contract and shall receive a pro
27 rata refund. If a health studio fails to meet a timeline set forth in
28 this section, the consumer may cancel the contract at any time after
29 the expiration of the timeline. However, if following the expiration
30 of the timeline, the health studio provides the advertised or
31 agreed-upon services, the consumer may cancel the contract up to
32 10 days after those services are provided.

33 (b) (1) Every contract for health studio services shall, in
34 addition, contain on its face, and in close proximity to the space

1 reserved for the signature of the buyer, a conspicuous statement
2 in a size equal to at least 10-point boldface type, as follows:

3 “You, the buyer, may *choose to* cancel this agreement at any
4 time prior to midnight of the fifth business day of the health studio
5 after the date of this agreement, excluding Sundays and holidays.
6 To cancel this agreement, mail or deliver a signed and dated ~~notice,~~
7 ~~or send a telegram which~~ *notice that* states that you, the buyer, are
8 canceling this agreement, or words of similar effect. The notice
9 shall be sent *via first-class mail or delivered in person to,*

10
11 _____
12 (Name of health studio operator)

13 at _____
14 (Address of health studio operator).”

15
16 (2) The contract for health studio services shall contain on the
17 first page, in a type size no smaller than that generally used in the
18 body of the document, the following: (A) the name and address
19 of the health studio operator to which the notice of cancellation is
20 to be mailed, and (B) the date the buyer signed the contract.

21 (3) The contract shall provide a description of the services,
22 facilities, and hours of access to which the consumer is entitled.
23 Any services, facilities, and hours of access that are not described
24 in the contract shall be considered optional services, and these
25 optional services shall be considered as separate contracts for the
26 purposes of this title and Section 1812.83.

27 (4) Until the health studio operator has complied with this
28 section, the buyer may cancel the contract for health studio
29 services.

30 (5) All moneys paid pursuant to a contract for health studio
31 services shall be refunded within 10 days after receipt of the notice
32 of cancellation, except that payment shall be made for any health
33 studio services received prior to cancellation.

34 (c) If at any time during the term of the contract, including a
35 transfer of the contractual obligation, the health studio eliminates
36 or substantially reduces the scope of the facilities, such as
37 swimming pools or tennis courts, that were described in the
38 contract, in an advertisement relating to the specific location, or
39 in a written offer, and available to the consumer upon execution
40 of the contract, the consumer may cancel the contract and receive

1 a pro rata refund. The consumer may not cancel the contract
2 pursuant to this subdivision if the health studio, after giving
3 reasonable notice to its members, temporarily takes facilities out
4 of operation for reasonable repairs, modifications, substitutions,
5 or improvements. This subdivision shall not be interpreted to give
6 the consumer the right to cancel a contract because of changes to
7 the type or quantity of classes or equipment offered, provided the
8 consumer is informed in the contract that the health studio reserves
9 the right to make changes to the type or quantity of classes or
10 equipment offered and the changes to the type or quantity of classes
11 or equipment offered are reasonable under the circumstances.

12 (d) (1) If a contract for health studio services requires payment
13 of one thousand five hundred dollars (\$1,500) to two thousand
14 dollars (\$2,000), inclusive, including initiation fees or initial
15 membership fees, by the person receiving the services or the use
16 of the facility, the person shall have the right to cancel the contract
17 within 20 days after the contract is executed.

18 (2) If a contract for health studio services requires payment of
19 two thousand one dollars (\$2,001) to two thousand five hundred
20 dollars (\$2,500), inclusive, including initiation fees or initial
21 membership fees, by the person receiving the services or the use
22 of the facility, the person shall have the right to cancel the contract
23 within 30 days after the contract is executed.

24 (3) If a contract for health studio services requires payment of
25 two thousand five hundred one dollars (\$2,501) or more, including
26 initiation fees or initial membership fees, by the person receiving
27 the services or the use of the facility, the person shall have the
28 right to cancel the contract within 45 days after the contract is
29 executed.

30 (4) The right of cancellation provided in this subdivision shall
31 be set out in the membership contract.

32 (5) The rights and remedies under this paragraph are cumulative
33 to any rights and remedies under other law.

34 (6) A health studio entering into a contract for health studio
35 services that requires a payment of less than one thousand five
36 hundred dollars (\$1,500), including initiation or initial membership
37 fees and exclusive of interest or finance charges, by the person
38 receiving the services or the use of the facilities, is not required to
39 comply with paragraph (1), (2), or (3).

1 (e) Upon cancellation, the consumer shall be liable only for that
2 portion of the total contract payment, including initiation fees and
3 other charges however denominated, that has been available for
4 use by the consumer, based upon a pro rata calculation over the
5 term of the contract. The remaining portion of the contract payment
6 shall be returned to the consumer by the health studio.

7 SECTION 1. ~~Section 2852 of the Public Utilities Code is~~
8 ~~amended to read:~~

9 2852. (a) ~~As used in this section, the following terms have the~~
10 ~~following meanings:~~

11 (1) ~~“Affordable housing cost,” “affordable rent,” and “lower~~
12 ~~income households” have the same meanings as in those set forth~~
13 ~~in Chapter 2 (commencing with Section 50050) of Part 1 of~~
14 ~~Division 31 of the Health and Safety Code.~~

15 (2) ~~“California Solar Initiative” means the program providing~~
16 ~~ratepayer-funded incentives for eligible solar energy systems~~
17 ~~adopted by the Public Utilities Commission in Decision 05-12-044~~
18 ~~and Decision 06-01-024.~~

19 (3) ~~“Low-income residential housing” means any of the~~
20 ~~following:~~

21 (A) ~~A multifamily residential complex financed with~~
22 ~~low-income housing tax credits, tax-exempt mortgage revenue~~
23 ~~bonds, general obligation bonds, or local, state, or federal loans~~
24 ~~or grants, and for which either of the following applies:~~

25 (i) ~~The rents of the occupants who are lower income households~~
26 ~~do not exceed those prescribed by deed restrictions or regulatory~~
27 ~~agreements pursuant to the terms of the financing or financial~~
28 ~~assistance.~~

29 (ii) ~~The affordable units have been or will be initially sold at an~~
30 ~~affordable housing cost to a lower income household and those~~
31 ~~units are subject to a resale restriction or equity sharing agreement~~
32 ~~pursuant to the terms of the financing or financial assistance.~~

33 (B) ~~A multifamily residential complex in which 20 percent or~~
34 ~~more of the total housing units are sold or rented to lower income~~
35 ~~households and either of the following applies:~~

36 (i) ~~The rental housing units targeted for lower income~~
37 ~~households are subject to a deed restriction or affordability~~
38 ~~covenant with a public entity or nonprofit housing provider~~
39 ~~organized under Section 501(c)(3) of the Internal Revenue Code~~
40 ~~that has as its stated purpose in its articles of incorporation on file~~

1 with the office of the Secretary of State to provide affordable
2 housing to lower income households that ensures that the units
3 will be available at an affordable rent for a period of at least 30
4 years.

5 (ii) The housing units have been or will be initially sold at an
6 affordable cost to a lower income household and those units are
7 subject to a resale restriction or equity sharing agreement, for
8 which the homeowner does not receive a greater share of equity
9 than described in paragraph (2) of subdivision (e) of Section 65915
10 of the Government Code, with a public entity or nonprofit housing
11 provider organized under Section 501(c)(3) of the Internal Revenue
12 Code that has as its stated purpose in its articles of incorporation
13 on file with the office of the Secretary of State to provide affordable
14 housing to lower income households.

15 (C) An individual residence sold at an affordable housing cost
16 to a lower income household that is subject to a resale restriction
17 or equity sharing agreement, for which the homeowner does not
18 receive a greater share of equity than described in paragraph (2)
19 of subdivision (e) of Section 65915 of the Government Code, with
20 a public entity or nonprofit housing provider organized under
21 Section 501(c)(3) of the Internal Revenue Code that has as its
22 stated purpose in its articles of incorporation on file with the office
23 of the Secretary of State to provide affordable housing to lower
24 income households.

25 (4) “Solar energy system” means a solar energy device that has
26 the primary purpose of providing for the collection and distribution
27 of solar energy for the generation of electricity, that produces at
28 least one kilowatt, and produces not more than five megawatts,
29 alternating current rated peak electricity, and that meets or exceeds
30 the eligibility criteria established by the commission or the Energy
31 Commission.

32 (b) In establishing the California Solar Initiative, no moneys
33 shall be diverted from any existing programs for low-income
34 ratepayers, or from cost-effective energy efficiency or demand
35 response programs.

36 (e) (1) The commission shall ensure that not less than 10 percent
37 of the funds for the California Solar Initiative, as specified in
38 subdivision (e) of, or moneys collected pursuant to subdivision (f)
39 of, Section 2851, are utilized for the installation of solar energy
40 systems on low-income residential housing. Notwithstanding any

1 other law, the commission may modify the monetary incentives
2 made available pursuant to the California Solar Initiative to
3 accommodate the limited financial resources of low-income
4 residential housing.

5 (2) The commission may incorporate a revolving loan or loan
6 guarantee program into the California Solar Initiative for
7 low-income residential housing. All loans outstanding as of January
8 1, 2022, shall continue to be repaid consistent with the terms and
9 conditions of the program adopted and implemented by the
10 commission pursuant to this subdivision, until repaid in full.

11 (3) All moneys set aside for the purpose of funding the
12 installation of solar energy systems on low-income residential
13 housing that are unexpended and unencumbered on January 1,
14 2022, and all moneys thereafter repaid pursuant to paragraph (2),
15 except to the extent those moneys are encumbered pursuant to this
16 section, shall be utilized to augment existing cost-effective energy
17 efficiency measures in low-income residential housing that benefit
18 ratepayers.

19 (d) In supervising a program implementing the California Solar
20 Initiative pursuant to this section, the commission shall ensure that
21 the program does all of the following:

22 (1) Is designed to maximize the overall benefit to ratepayers.

23 (2) Requires participants who receive monetary incentives to
24 enroll in the Energy Savings Assistance Program established
25 pursuant to Section 382, if eligible.

26 (3) Provides job training and employment opportunities in the
27 solar energy and energy efficiency sectors of the economy.