

Assembly Bill No. 1817

CHAPTER 37

An act to amend Sections 19636 and 26051.5 of the Business and Professions Code, to amend Sections 3857, 4101, 4101.2, 4101.3, 4102, 4103, 4103.5, 4104, 4105, 4106, and 4108 of the Food and Agricultural Code, to amend Sections 11270, 12805, 13293, 13332.10, 13405, 15600, 16310, 100000, 100002, 100004, 100008, 100012, 100014, 100016, 100032, 100034, 100046, and 100049 of, to add Sections 12012.96, 13070.5, 13293.1, 13293.3, 13293.5, 13920, and 15570.31 to, and to add and repeal Article 7 (commencing with Section 12100.60) of Chapter 1.6 of Part 2 of Division 3 of Title 2 of, the Government Code, to amend Sections 50675.10 and 53561 of, and to add Sections 50406.8 and 53566 to, the Health and Safety Code, to amend Section 12905 of the Insurance Code, to add Section 987.010 to the Military and Veterans Code, to amend Sections 3502, 3503, 12100, and 12102.2 of, and to add and repeal Sections 3503.5 and 3503.7 of, the Public Contract Code, to add Section 75218 to the Public Resources Code, to amend Sections 90.50, 214, 215.1, 254.5, 254.6, 480.1, 480.2, and 6377.1 of, and to add Section 95.50 to, the Revenue and Taxation Code, to amend Section 1088.9 of the Unemployment Insurance Code, and to amend Section 12302.2 of the Welfare and Institutions Code, relating to state government, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 27, 2018. Filed with Secretary of State June 27, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1817, Committee on Budget. State government.

(1) Existing law provides for the Sixth District Agricultural Association (District 6), which is known and designated as the California Science Center, with specified powers and duties with respect to the management, functions, and operations of various property within Exposition Park.

This bill would rename District 6 as Exposition Park and provide, among other things, that Exposition Park has specified powers and duties to lease, exchange, sell, or otherwise dispose of all property. The bill would designate the Board of Directors of District 6 as the Board of Directors for Exposition Park and the California Science Center and would provide that property or other interests presently held in title by District 6 vest in Exposition Park and that other specified properties remain with the center within the jurisdiction of Exposition Park. The bill would vest in Exposition Park and the Exposition Park Manager duties and responsibilities formerly exercised by the California Science Center, including, among other things, the implementation of the Exposition Park Master Plan.

The bill would require the Exposition Park Manager, in consultation with the Natural Resources Agency and the Department of General Services, to approve the leasing, construction, or alteration of existing facilities within Exposition Park. The bill would require the executive director of the California Science Center and executive director of the California African American Museum, in consultation with the agency and department, approve the leasing, construction, or alteration of their respective museum facilities.

Existing law authorizes the California Science Center to enter into one or more agreements or leases with the California Science Center Foundation, a California nonprofit public benefit corporation, with the approval of the Natural Resources Agency, the Department of Finance, and the Department of General Services, for the purpose of developing, designing, constructing, equipping, furnishing, operating, and funding the project known as the Phase III Project of the California Science Center, which is located adjacent to or contiguous with the existing Phase I Project and Phase II Project of the California Science Center in Exposition Park.

This bill would require those agreements and leases to include a site lease of the land on which the Phase III Facilities are to be constructed with the California Science Center Foundation for a nominal payment, and a lease-purchase agreement pursuant to which the California Science Center leases and acquires the Phase III Facilities from the foundation, as specified. The bill would require the site lease and the lease-purchase agreement to be for a term ending 30 years after the later of October 1, 2022, or the date on which the Phase III Facilities are certified available for use and occupancy, and would require that the lease payments on behalf of the state be \$2,430,000 per year for the term of the lease-purchase agreement, as specified.

This bill would make other conforming and nonsubstantive changes to these and other related provisions.

(2) The Control, Regulate and Tax Adult Use of Marijuana Act of 2016 (AUMA), an initiative measure approved as Proposition 64 at the November 8, 2016, statewide general election, authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), among other things, consolidates the licensure and regulation of commercial medicinal and adult-use cannabis activities. MAUCRSA requires an applicant to electronically submit fingerprint images to the Department of Justice for the purpose of obtaining information as to the existence and content of a record of state and federal convictions and arrests. Existing law requires the Department of Justice to provide a response to the licensing authority, as provided.

Existing law allows the Bureau of Cannabis Control, the Department of Food and Agriculture, and the State Department of Public Health to obtain and receive criminal history information from the Department of Justice and the Federal Bureau of Investigation for an applicant for any state license under MAUCRSA. Existing law requires the Department of Justice to

forward all requests for federal criminal history record information to the Federal Bureau of Investigation for these purposes and to review the information and compile and disseminate a response to the licensing authority.

This bill would revise these requirements to require the Department of Justice to transmit fingerprint images and related information to the Federal Bureau of Investigation for the purpose of obtaining a federal criminal history records check.

(3) Existing law requires the Department of Finance to certify to the Controller the amount determined to be the fair share of administrative costs due and payable from each state agency and to transfer that amount from specified funds to the Central Service Cost Recovery Fund. Existing law defines “administrative costs” as the amounts expended by various specified state entities for supervision or administration of the state government or for services to the various state agencies.

This bill would modify the definition of administrative costs to include amounts expended by the Department of General Services.

(4) Existing federal law, the Indian Gaming Regulatory Act of 1988, provides for the negotiation and execution of tribal-state gaming compacts for the purpose of authorizing certain types of gaming on Indian lands within a state. The California Constitution authorizes the Governor to negotiate and conclude compacts, subject to ratification by the Legislature. Existing law ratifies a number of tribal-state gaming compacts between the State of California and specified Indian tribes.

Existing law creates in the State Treasury the Indian Gaming Special Distribution Fund for the receipt and deposit of moneys received by the state from Indian tribes pursuant to the terms of gaming compacts entered into with the state. Existing law authorizes moneys in that fund to be used upon appropriation by the Legislature for certain purposes, such as grants, including any administrative costs, for programs designed to address gambling addiction and compensation for regulatory costs incurred by the California Gambling Control Commission and the Department of Justice in connection with the implementation and administration of tribal-state gaming compacts, and for any other purposes specified by law.

This bill would, on or before December 15, 2018, and on or before December 15 of each fiscal year thereafter, require the Department of Finance, in consultation with the California Gambling Control Commission, to determine if total revenues estimated for the Indian Gaming Special Distribution Fund in the current fiscal year are anticipated to exceed estimated expenditures, transfers, reasonable reserves, or other adjustments from the fund for the current fiscal year. As determined by, and within the discretion of, the Department of Finance, if the estimated revenues to the fund, along with any prior year excess revenues, exceed the estimated expenditures, transfers, reasonable reserves, or other adjustments from the funds, the bill would require the California Gambling Control Commission, upon approval by the Department of Finance, to apply the amount of funds directed by the Department of Finance to reduce, eliminate, satisfy, or

partially satisfy, on a proportionate basis, the pro rata share payments required to be made to the fund by limited gaming tribes, as defined. The bill would provide that these provisions apply to each limited gaming tribe for the period in which the limited gaming tribe has a compact obligation to contribute to the fund, as specified.

(5) Existing law, the Economic Revitalization Act, establishes the Governor's Office of Business and Economic Development, also known as GO-Biz, under the control of a director. Existing law requires GO-Biz to serve the Governor as the lead entity for economic strategy and authorizes it to undertake specified activities, including supporting small businesses by providing information about accessing capital, complying with regulations, and supporting state initiatives that support small business. Existing law also creates the California Economic Development Fund for the purpose of receiving federal, state, local, and private economic development funds and, upon appropriation by the Legislature, authorizes moneys in the fund to be expended by GO-Biz to provide matching funds for loans or grants to public agencies, nonprofit organizations, and private entities, and for other economic development purposes, consistent with the purposes for which the moneys were received.

This bill would, until January 1, 2024, create the California Small Business Development Technical Assistance Expansion Program within GO-Biz, under the director, for the purpose of assisting small businesses through free or low-cost one-on-one consulting and low-cost training by entering into grant agreements with one or more federal small business technical assistance centers. This bill, upon appropriation of funds by the Legislature, would require the office to make grants to federal small business technical assistance centers that the office determines meet specified eligibility criteria. The bill would require a federal small business technical assistance center that receives funding under this program to provide periodic performance and financial reports and, no more than 60 days following the completion of an agreement term, a final written performance and financial report.

(6) Existing federal law, the Single Audit Act, requires each nonfederal entity that expends a total amount of federal awards equal to or in excess of a specified amount in any fiscal year to have either a single audit or a program-specific audit made for that fiscal year. Existing state law authorizes the California State Auditor to make audit examinations of accounts and records, accounting procedures, and internal auditing performance of the executive branch that he or she determines to be necessary under the federal Single Audit Act. Existing state law also requires the Controller to receive every annual financial audit report prepared for any local public agency in compliance with the federal Single Audit Act.

This bill would require the Department of Finance to ensure the state carries out its responsibilities in accordance with the federal Single Audit Act, and would require the department to perform specified tasks in that regard, including collecting financial and nonfinancial information relating to federal awards received.

Existing law authorizes the Department of Finance to examine all records, files, documents, accounts, and all financial affairs of every agency of the state permitted or charged by law with the handling of public money or its equivalent and to enter any public office or institution in this state and examine any records, files, books, papers, or documents contained therein or belonging thereto for the purpose of making such examination.

This bill would instead require the department to have access and authority to make these examinations that shall also include all reports and correspondence. The bill would specify that the department may access, examine, and reproduce any records, files, books, papers, accounts, reports, and correspondence. The bill would provide that any information or documents obtained in connection with an audit, evaluation, investigation, or review conducted by the department may be kept confidential, and that disclosure of the information or documents would not be required under the California Public Records Act if the department makes a specified determination. The bill would authorize the department, in connection with any audit, evaluation, investigation, or review it conducts, to issue subpoenas for the attendance of witnesses and the production of records, or for making of oral or written sworn statements, as specified. The bill would also make it a crime to engage in specified activity with regard to an audit, evaluation, investigation, or review conducted pursuant to these provisions, including manipulating, correcting, altering, or changing records, documents, accounts, reports, or correspondence prior to or during any audit, and distributing, reproducing, releasing, or failing to safeguard confidential draft documents exchanged between the department and the entity subject to the audit, prior to the release of the department's final report, as specified. Because the bill would create a new crime, the bill would impose a state-mandated local program.

Existing law, the State Leadership Accountability Act, requires agency heads, as defined, to establish, maintain, and monitor specified internal control systems within their state agencies. Under existing law, agency heads are required to biennially, but no later than December 31 of each odd-numbered year, conduct an internal review of the internal control systems and prepare a report on the systems' adequacy, as provided, including the identification of any material inadequacies or material weaknesses. Existing law requires the agency head to concurrently provide the Department of Finance with a plan and schedule for correcting identified inadequacies and weaknesses.

This bill would require the report to identify all inadequacies and weaknesses in a state agency's internal control systems, and would require the agency head to submit the plan and schedule for correcting those inadequacies and weaknesses to the Department of Finance by June 30 following the preparation of the report.

Existing law requires the Department of Finance to establish, in consultation with the California State Auditor and the controller, a system of reporting and a general framework to guide conducting internal reviews of internal control systems.

This bill would specify that adoption, amendment, or repeal of that system of reporting and general framework are exempt from the Administrative Product Act.

(7) Existing law prohibits the Director of General Services from entering into a lease agreement between the state and another entity in which the state is the lessee if the agreement is to be for the lease of a building or building space that will be for the occupancy of an agency of the state with a firm lease period of 5 years or longer and an annual rental in excess of \$10,000, unless the director notifies, in writing, the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, as specified.

This bill would instead impose this requirement if the proposed lease is for a firm lease period of longer than 8 years, the proposed lease would require an increase in a department's or agency's support budget, the proposed lease is a capitalized lease that has not been previously authorized, or entering into the proposed lease would result in any occupying department or agency vacating a material amount of state-owned space, as specified. The bill would require the notice to the Legislature to include, among other things, the terms of the lease and an analysis of the financial impact of the lease. The bill would additionally require the Director of General Services to provide the chairs and vice chairs of the budget committees of each house an annual report that, among other things, identifies all of the leases that the Director of General Services expects to expire during the subsequent fiscal year.

(8) Existing law establishes within the Government Operations Agency, the Department of General Services and the California Victim Compensation Board. Existing law vests in the Department of General Services certain duties, powers, responsibilities, and jurisdiction vested in the California Victim Compensation and Government Claims Board, or its executive office, under various provisions of law as they existed on January 1, 2016. Existing law authorizes the department to adopt regulations governing the presentation and audit of claims against the state for which an appropriation has been made or for which a state fund is available and governing any other matter over which it has jurisdiction.

Existing law generally provides for the compensation of victims and derivative victims of specified types of crimes by the California Victim Compensation Board from the Restitution Fund, a continuously appropriated fund, for specified losses suffered as a result of those crimes. Existing law sets forth eligibility requirements and limits on the amount of compensation the board may award, and requires the application for compensation to be verified under penalty of perjury.

This bill would authorize the board to adopt regulations governing any matter over which it has jurisdiction.

(9) Existing law vests in the California Department of Tax and Fee Administration the duty, power, and responsibility to administer various taxes and fees. Existing constitutional law vests in the State Board of Equalization the duty, power, and responsibility regarding the administration

of certain taxes and fees, including the review, equalization, or adjustment of property tax assessments, the assessment of taxes on insurers, and the assessment and collection of excise taxes on the manufacture, importation, and sale of alcoholic beverages in this state.

This bill would authorize the department and the board to delegate, share, and provide assistance for, or transfer between themselves administrative responsibilities for tax and fee programs within the department's and the board's respective duties, powers, and responsibilities pursuant to an agreement. The bill would prohibit the agreement between the department and the board from transferring jurisdiction over any tax and fee program that is the subject of the agreement.

(10) The California Constitution provides for the establishment of the State Board of Equalization (board), consisting of the Controller and 4 members elected for 4-year terms, and prescribes various duties, powers, and responsibilities of the board. Existing law establishes, in the Government Operations Agency, the California Department of Tax and Fee Administration (department), under the control of a director appointed by the Governor and subject to confirmation by the Senate, and transfers to the department various duties, powers, and responsibilities of the State Board of Equalization relating to the administration of various taxes and fees except for specified duties, powers, and responsibilities imposed or conferred upon the board by the California Constitution and the duty to adjust the motor vehicle fuel tax rate for the 2018–19 fiscal year.

Existing property tax law, in accordance with the California Constitution, provides for a welfare exemption for property that meets certain requirements, including that it is used exclusively for religious, hospital, scientific, or charitable purposes and is owned and operated by certain nonprofit entities. Existing property tax law also establishes a veterans' organization exemption under which property is exempt from taxation if, among other things, that property is used exclusively for charitable purposes and is owned by a veterans' organization. Existing property tax law generally requires the department to prescribe all procedures and forms required to carry into effect any property tax exemption, as provided. Existing property tax law prescribes specific procedures for claims for the welfare exemption and the veterans' organization exemption, including requiring an organization claiming those exemptions to file with the department a claim for an organizational clearance certificate, as provided.

Existing property tax law requires the filing of a signed change in ownership statement, as provided, with the department within 90 days of a change in control or a change in ownership of any corporation, partnership, limited liability company, or other legal entity.

Existing property tax law known as the "Tax-Rate Area System" provides, when a city, district, or any special zone is created or its boundaries changed, that the levying authority of that entity file a specified statement and map or plat with the relevant county assessors and the State Board of Equalization by December 1 of the year immediately preceding the year in which the assessments or taxes are to be levied.

This bill would transfer authority to administer the above-described statutes relating to the welfare exemption, the veterans' organization exemption, change in control and change in ownership of a legal entity, and the Tax-Rate Area System and related provisions from the California Department of Tax and Fee Administration to the State Board of Equalization. The bill would transfer all employees serving in state civil service, as specified, who are engaged in the performance of functions related to these statutes, and would transfer all the rights and property related to these statutes, to the State Board of Equalization.

(11) Existing law requires the Controller, when the General Fund in the Treasury is or will be exhausted, to notify the Governor and the Pooled Money Investment Board. Existing law authorizes the Governor to order the Controller to direct the transfer of all or any part of the moneys not needed in other funds or accounts to the General Fund from those funds or accounts, as determined by the board, including the Surplus Money Investment Fund or the Pooled Money Investment Account. Existing law requires the return of transferred moneys to the funds or accounts from which they were transferred as soon as there are sufficient moneys in the General Fund.

This bill would additionally authorize a designee of the Governor to direct that transfer of moneys to the General Fund.

(12) Existing law, known as the California Secure Choice Retirement Savings Trust Act, establishes the California Secure Choice Retirement Savings Program, administered by the California Secure Choice Retirement Savings Investment Board. The program requires specified eligible employers, as defined, to offer a payroll deposit retirement savings arrangement and requires eligible employees, as defined, who do not opt out of the program, to contribute a portion of their salary or wages to a retirement savings account in the program, as specified.

This bill would change the name of the California Secure Choice Retirement Savings Program to the CalSavers Retirement Savings Program and would make conforming changes.

(13) Existing law establishes the Department of Housing and Community Development in the Business, Consumer Services, and Housing Agency and vests that department with various powers and responsibilities with respect to administering various housing programs.

This bill would authorize the department to expend any funds it is authorized to set aside for curing or averting potential defaults for the purposes of curing or averting defaults on any deferred interest loan issued by the department for rental housing development.

Existing law creates the Multifamily Housing Program under the department to provide a standardized set of program rules and features applicable to all housing types, based on the existing California Housing Rehabilitation Program. Among other things, the program provides financial assistance to fund projects for the development and construction of new, and rehabilitation or acquisition and rehabilitation of existing, transitional or rental housing developments. Existing law authorizes the department to

designate an amount not to exceed 4% of all funds appropriated pursuant to the provisions governing the Multifamily Housing Program to be used to establish a default reserve.

This bill would, instead, authorize the department to designate an amount that does not exceed 1.5% to be used to establish a default reserve, as described above.

Existing law establishes the Transit-Oriented Development Implementation Program, to be administered by the Department of Housing and Community Development, to provide local assistance to specified local agencies and developers for the purpose of developing or facilitating the development of higher density uses within close proximity to transit stations. Existing law establishes the Transit-Oriented Development Implementation Fund and requires that interest on loans made from the fund be deposited in the fund.

This bill would delete the requirement that the interest on loans made from the Transit-Oriented Development Implementation Fund be deposited in that fund.

Existing law, to the extent that funds are available, provides for assistance via the Transit-Oriented Development Implementation Program in the form of grants to local agencies and loans for the development and construction of housing developments within close proximity to transit stations, subject to certain conditions and requirements.

The Veterans Housing and Homeless Prevention Act of 2014, administered in collaboration between the California Housing Finance Agency, the Department of Housing and Community Development, and the Department of Veterans Affairs pursuant to a memorandum of understanding addressing their respective and shared responsibilities, provides for the acquisition, construction, rehabilitation, and preservation of affordable multifamily supportive housing, affordable transitional housing, affordable rental housing, or related facilities for veterans and their families.

Existing law requires the Strategic Growth Council to develop and administer the Affordable Housing and Sustainable Communities Program to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development, and that support related and coordinated public policy objectives. Existing law requires that program to provide funding to projects that meet certain requirements and selected by the council according to specified procedures.

This bill, with respect to each of the programs described above, would require, among other things, that the principal and accumulated interest on loans issued pursuant to these programs is due and payable upon completion of the term of the loan and require that these loans have a simple interest rate of 3%. The bill would require that moneys received in repayment of these loans be deposited in specified funds and would continuously appropriate those moneys to the Department of Housing and Community Development for purposes of the Multifamily Housing Program and for

purposes of establishing default reserves, as authorized by this bill, for each of the above-described programs.

By authorizing the expenditure of funds for purposes of default reserves, this bill would make an appropriation.

(14) Existing law creates the Department of Insurance, headed by the Insurance Commissioner, and prescribes the powers and duties of the commissioner. Existing law requires the commissioner to keep an office in the Cities of San Francisco, Sacramento, Los Angeles, and San Diego.

This bill would instead require the commissioner to maintain offices in Sacramento, Los Angeles, San Diego, and the San Francisco Bay area.

(15) Existing law, the Buy Clean California Act, requires the Department of General Services, by January 1, 2019, to establish, and publish in the State Contracting Manual, a maximum acceptable global warming potential for each category of eligible materials.

This bill would instead require the department to establish and publish that information by January 1, 2021, and would authorize the department to publish the information in the State Contracting Manual or a department management memorandum, or make the information available on the department's Internet Web site.

The act requires the department to set the maximum acceptable global warming potential at the industry average of facility-specific global warming potential emissions for that material, and requires the department to express the maximum acceptable global warming potential as a number that states the maximum facility-specific global warming potential for each category of eligible materials.

This bill would specify that the department, when determining industry averages, should include all stages of manufacturing required by the relevant product category rule and would authorize the department, in setting initial industry averages, to exclude specified emissions and make reasonable judgements aligned with the product category rule. The bill would authorize the department, when establishing the number expressing the maximum acceptable global warming potential, to set different maximums for different products within a category and set different maximums for each set of product category rules.

The act requires the department, by January 1, 2019, to submit a report to the Legislature describing the method used to develop the maximum global warming potential for each category of eligible materials. The act also requires the department, by January 1, 2022, and every 3 years thereafter, to review the maximum acceptable global warming potential for each category of eligible materials.

This bill would instead require the department to submit that report by January 1, 2021, and would require the department to begin the review of the maximum acceptable global warming potential for each category of eligible materials by January 1, 2024.

The act requires an awarding authority, on and after July 1, 2019, to require a successful bidder for a contract to submit an environmental product declaration for each eligible material and to include in a specification for

bids that the facility-specific global warming potential for any eligible material does not exceed the maximum acceptable global warming potential for that material, and prohibits a bidder for a contract from installing any eligible materials on the project until a facility-specific environmental product declaration is submitted.

This bill would instead make those provisions applicable to contracts entered into on or after January 1, 2021, and would make those provisions inapplicable to an eligible material for a particular contract if the awarding authority makes a specified determination or in cases of emergency or other specified circumstances. The bill would direct an awarding authority, from January 1, 2019, until January 1, 2020, to request, and, from January 1, 2020, to January 1, 2021, to require, that a successful bidder for a contract submit a current facility-specific environmental product declaration.

(16) Existing law governing the acquisition of information technology goods and services requires all contracts for the acquisition of information technology goods and services, whether by lease or purchase, to be made under the supervision of the Department of General Services. Existing law requires procedures developed by the Department of General Services to provide for, among other things, the expeditious and value-effective acquisition of information technology goods and services to satisfy state requirements, and the acquisition of information technology goods and services within a competitive framework. Existing law requires the Department of General Services to maintain, in the State Administrative Manual, policies and procedures governing the acquisition and disposal of information technology goods and services. Existing law requires the acquisition of information technology goods and services to be conducted through competitive means, except when the Director of General Services makes specified determinations.

Existing law authorizes the Director of General Services to delegate acquisition authority relating to information technology goods and services to any state agency that has been determined by the Department of General Services to be capable of effective use of that authority.

Existing law requires contracts for the acquisition of information technology projects to be made by and under the supervision of the Department of Technology, as prescribed. Existing law gives the Department of Technology the final authority in the determination of information technology procurement policy and information technology procurement procedures applicable to acquisitions of information technology projects under the State Administrative Manual. Existing law gives the Department of General Services final authority in the determination of information technology procurement procedures over which the Department of Technology does not have authority. Under existing law, the Department of Technology has the authority to delegate its authority to another agency based on a specified assessment.

This bill, instead, would require all contracts for the acquisition of information technology goods and services related to information technology projects to be made by, and under the supervision of, the Department of

Technology, as prescribed. The bill would give the Department of Technology the final authority in the determination of information technology procurement procedures applicable to acquisitions of goods and services related to information technology projects. The bill would specify 3 types of delegated acquisitions over which the Department of General Services would have final authority in the determination of information technology procurement procedures.

The bill would require the Director of General Services to consult with the Department of Technology to delegate that acquisition authority. The bill would require the Department of Technology to have either delegated project authority to a state agency or authorized the state agency to conduct the acquisition in order for a state agency to conduct an acquisition of information technology goods and services related to an information technology project under delegated acquisition authority.

(17) Existing property tax law, for the 2014–15 fiscal year to the 2016–17 fiscal year, inclusive, established the State-County Assessors' Partnership Agreement Program, administered by the Department of Finance, under which counties selected by the department, as specified, received funding, subject to appropriation in the annual Budget Act, for certain property tax administration purposes. Existing property tax law required the counties to match on a dollar-for-dollar basis program funds apportioned to the county assessor's office under the program.

This bill, for the 2018–19 fiscal year to the 2020–21 fiscal year, inclusive, would establish the State Supplementation for County Assessors Program under terms and conditions similar to the above-described State-County Assessors' Partnership Agreement Program. The bill would require counties selected by the department for participation in the new Program to match the Program funds apportioned to that county assessor's office, at the rate of \$1 for every \$2 in Program funds that the county assessor's office receives in Program funds. The bill would require county assessors' offices that elect to participate in the Program to transmit a resolution and an application, as specified, to the department. The bill would also require each participating county assessor's office to report specified information to the department while the Program is operative. This bill would require the department to submit, by March 1, 2022, a report that includes specified information for each fiscal year that the Program was in operation to the Joint Legislative Budget Committee.

(18) Existing sales and use tax laws impose taxes on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state.

The Sales and Use Tax Law provides various exemptions from those taxes, including a partial exemption from those taxes, on and after July 1, 2014, and before July 1, 2030, for the gross receipts from the sale of, and the storage, use, or other consumption of, qualified tangible personal property purchased by a qualified person for purchases not exceeding \$200,000,000,

for use primarily in manufacturing, processing, refining, fabricating, or recycling of tangible personal property, as specified; qualified tangible personal property purchased for use by a qualified person to be used primarily in research and development, as provided; qualified tangible personal property purchased for use by a qualified person to be used primarily to maintain, repair, measure, or test any qualified tangible personal property, as provided; and qualified tangible personal property purchased by a contractor purchasing that property for use in the performance of a construction contract for the qualified person, that will use that property as an integral part of specified processes. Existing law, on and after January 1, 2018, and before July 1, 2030, additionally exempts from those taxes the sale of, and the storage, use, or other consumption of, qualified tangible personal property purchased for use by a qualified person to be used primarily in the generation or production, as defined, or storage and distribution, as defined, of electric power.

Existing law requires the Department of Finance to estimate the total amount of exemptions that will be taken for each calendar year and requires the California Department of Tax and Fee Administration, no later than each May 1, to provide to the Joint Legislative Budget Committee and to the Department of Finance a report of the total dollar amount of exemptions taken for the immediately preceding calendar year. Existing law requires the report to compare the total dollar amount of exemptions taken with the estimated amount for that calendar year, and to identify options for increasing exemptions taken if that total dollar amount taken is less than the estimate for that calendar year.

This bill would eliminate that requirement for the report to identify options for increasing exemptions taken and make clarifying changes.

(19) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

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

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

(21) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Appropriation: yes.

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

SECTION 1. Section 19636 of the Business and Professions Code is amended to read:

19636. All money appropriated pursuant to this article to the California Exposition and State Fair, the Los Angeles County Fair, the Sixth District Agricultural Association, known and designated as Exposition Park, the citrus fruit fairs defined in Section 4603 of the Food and Agricultural Code, and the 1-A District Agricultural Association, is exempt from Section 16304 of the Government Code, and shall remain available for expenditure from year to year until expended.

SEC. 2. Section 26051.5 of the Business and Professions Code, as amended by Section 2 of Chapter 6 of the Statutes of 2018, is amended to read:

26051.5. (a) An applicant for any type of state license issued pursuant to this division shall do all of the following:

(1) Require that each owner of the applicant electronically submit to the Department of Justice fingerprint images and related information required by the Department of Justice of all applicants for any type of state license issued pursuant to this division, for the purpose of obtaining information as to the existence and content of a record of state or federal convictions and state and federal arrests, and also information as to the existence and content of a record of state or federal convictions and arrests for which the Department of Justice establishes that the person is free on bail or on his or her recognizance pending trial or appeal.

(A) Notwithstanding any other law, the Bureau of Cannabis Control, the Department of Food and Agriculture, and the State Department of Public Health may obtain and receive, at their discretion, criminal history information from the Department of Justice and the Federal Bureau of Investigation for an applicant for any state license under this division, including any license established by a licensing authority by regulation pursuant to subdivision (b) of Section 26012.

(B) When received, the Department of Justice shall transmit fingerprint images and related information received pursuant to this section to the Federal Bureau of Investigation for the purpose of obtaining a federal criminal history records check. The Department of Justice shall review the information returned from the Federal Bureau of Investigation and compile and disseminate a response to the licensing authority.

(C) The Department of Justice shall provide a response to the licensing authority pursuant to paragraph (1) of subdivision (p) of Section 11105 of the Penal Code.

(D) The licensing authority shall request from the Department of Justice subsequent notification service, as provided pursuant to Section 11105.2 of the Penal Code, for applicants.

(E) The Department of Justice shall charge the applicant a fee sufficient to cover the reasonable cost of processing the requests described in this paragraph.

(2) Provide evidence of the legal right to occupy and use the proposed location and provide a statement from the landowner of real property or that landowner's agent where the commercial cannabis activity will occur, as proof to demonstrate the landowner has acknowledged and consented to

permit commercial cannabis activities to be conducted on the property by the tenant applicant.

(3) Provide evidence that the proposed location is in compliance with subdivision (b) of Section 26054.

(4) Provide a statement, signed by the applicant under penalty of perjury, that the information provided is complete, true, and accurate.

(5) (A) For an applicant with 20 or more employees, provide a statement that the applicant will enter into, or demonstrate that it has already entered into, and abide by the terms of a labor peace agreement.

(B) For the purposes of this paragraph, “employee” does not include a supervisor.

(C) For the purposes of this paragraph, “supervisor” means an individual having authority, in the interest of the applicant, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibility to direct them or to adjust their grievances, or effectively to recommend such action, if, in connection with the foregoing, the exercise of that authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

(6) Provide the applicant’s valid seller’s permit number issued pursuant to Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code or indicate that the applicant is currently applying for a seller’s permit.

(7) Provide any other information required by the licensing authority.

(8) For an applicant seeking a cultivation license, provide a statement declaring the applicant is an “agricultural employer,” as defined in the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975 (Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code), to the extent not prohibited by law.

(9) Pay all applicable fees required for licensure by the licensing authority.

(10) Provide proof of a bond to cover the costs of destruction of cannabis or cannabis products if necessitated by a violation of licensing requirements.

(b) An applicant shall also include in the application a detailed description of the applicant’s operating procedures for all of the following, as required by the licensing authority:

- (1) Cultivation.
- (2) Extraction and infusion methods.
- (3) The transportation process.
- (4) Inventory procedures.
- (5) Quality control procedures.
- (6) Security protocols.

(7) For applicants seeking licensure to cultivate, the source or sources of water the applicant will use for cultivation, as provided in subdivisions (a) to (c), inclusive, of Section 26060.1. For purposes of this paragraph, “cultivation” as used in Section 26060.1 shall have the same meaning as defined in Section 26001. The Department of Food and Agriculture shall consult with the State Water Resources Control Board and the Department of Fish and Wildlife in the implementation of this paragraph.

(c) The applicant shall also provide a complete detailed diagram of the proposed premises wherein the license privileges will be exercised, with sufficient particularity to enable ready determination of the bounds of the premises, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, and common or shared entryways, and include a brief statement or description of the principal activity to be conducted therein, and, for licenses permitting cultivation, measurements of the planned canopy, including aggregate square footage and individual square footage of separate cultivation areas, if any, roads, water crossings, points of diversion, water storage, and all other facilities and infrastructure related to the cultivation.

(d) Provide a complete list of every person with a financial interest in the person applying for the license as required by the licensing authority. For purposes of this subdivision, “persons with a financial interest” does not include persons whose only interest in a licensee is an interest in a diversified mutual fund, blind trust, or similar instrument.

SEC. 3. Section 3857 of the Food and Agricultural Code is amended to read:

3857. (a) District 6 is all that portion of Los Angeles County that is not included in District 48, District 50, and District 51, and, notwithstanding any other provision of this chapter, also includes that portion of Los Angeles County within the boundaries of the 29th Senatorial District. District 6 shall also be known and designated as Exposition Park.

(b) Existing supplies, forms, insignias, signs, or logos shall not be destroyed or changed as a result of changing the name to Exposition Park, and those materials shall continue to be used until exhausted or unserviceable.

(c) Exposition Park shall have all of the following powers and duties:

(1) To lease, exchange, sell, or otherwise dispose of all property.

(2) To compromise and settle claims of every nature.

(3) To sue and be sued in the same manner and to the same extent as the California Science Center, and the members of the governing body thereof.

SEC. 4. Section 4101 of the Food and Agricultural Code is amended to read:

4101. (a) The Sixth District Agricultural Association shall also be known as Exposition Park. It is in the Natural Resources Agency and is deemed to be a tax-exempt organization as an instrumentality of this state in accordance with Section 23706 of the Revenue and Taxation Code.

(b) All of the following shall apply to Exposition Park:

(1) The Board of Directors of the Sixth District Agricultural Association shall be the Board of Directors for Exposition Park and for the California Science Center, except with respect to those matters delegated to the Exposition Park Manager pursuant to Section 4108 or the Board of Directors of the California African American Museum pursuant to Section 4104.

(2) Property or other interests presently held in title by the Sixth District Agricultural Association, also known as the California Science Center,

except as detailed in paragraph (3), shall vest in Exposition Park on behalf of the State of California.

(3) Upon the effective date of the change in name referred to in subdivision (a), there shall be deemed located within Exposition Park an entity referred to as the California Science Center, which shall include the Samuel Oschin Space Shuttle Endeavour Display Pavilion; the 3D IMAX Theater; the Dr. Theodore T. Alexander, Jr. Science Center School; the Wallis Annenberg Building; Phase I and Phase II of the California Science Center; and any additional construction developed pursuant to Phase III of the Master Plan developed and approved for Exposition Park, including any development authorized pursuant to Sections 4103 and 4103.5. The California Science Center shall manage, lease, and dispose of the property identified in this paragraph consistent with existing state law, in coordination with the Exposition Park Manager, and with approval of the Exposition Park Board, and all contracts or other agreements for this property that identify the California Science Center as the contracting party.

(4) Notwithstanding Section 3964, the Exposition Park Manager appointed pursuant to Section 4108 shall be considered the executive director and manager of the board of directors of Exposition Park, except that the executive director of the California Science Center shall be considered the executive director and manager of the board of directors for matters within the sole jurisdiction of the California Science Center.

(5) Consistent with Section 4060, and all other applicable state law, a state officer or employee of the Sixth District Agricultural Association, including any officer or employee of any state entity located in Exposition Park, shall not accept any compensation from any nonprofit organization for work performed in part or in full without prior written approval from the Secretary of the Natural Resources Agency.

SEC. 5. Section 4101.2 of the Food and Agricultural Code is amended to read:

4101.2. (a) Notwithstanding any other law, the California Science Center, with the approval of the Director of General Services and the Secretary of the Natural Resources Agency, may enter into a long-term lease agreement, not to exceed 40 years, with terms and conditions determined by the Director of General Services to be in the best interest of the state, with the Los Angeles Unified School District to convert the Armory, also known as the Wallis Annenberg Building, and surrounding land in or near Exposition Park to a demonstration mathematics and science-based school.

(b) For the purposes of carrying out subdivision (a), all of the following requirements apply:

(1) Plans shall be developed by the Los Angeles Unified School District for the conversion described in subdivision (a).

(2) The Los Angeles Unified School District shall demonstrate to the Director of General Services that it has sufficient funds, from sources other than the California Science Center, to complete the conversion.

(3) The Los Angeles Unified School District shall give attention to the historical preservation of the Armory, also known as the Wallis Annenberg Building, in developing plans and completing the conversion.

(4) All lease documents necessary to complete the conversion shall be approved by the Director of General Services before their execution.

SEC. 6. Section 4101.3 of the Food and Agricultural Code is amended to read:

4101.3. (a) Notwithstanding any other law, the California Science Center is hereby authorized to enter into a site lease with the California Science Center Foundation, a California Nonprofit Corporation, with the approval of the Natural Resources Agency, the Department of Finance, and the Department of General Services, for the purpose of the foundation developing, constructing, equipping, furnishing, and funding the project known as Phase II of the California Science Center. The overall construction cost and scope shall be consistent with the amount authorized in the Budget Act of 2002, provided that nothing in this section shall prevent the foundation from expending additional nonstate funds to complete Phase II provided that the additional expenditures do not result in additional state operation and maintenance costs. Any additional expenditure of nonstate funds by the foundation shall not increase the state's contribution.

(b) For the purpose of carrying out subdivision (a), all of the following shall apply:

(1) In connection with the development described in subdivision (a), above, the foundation may, in its determination, select the most qualified construction manager/general contractor to oversee and manage the work and prepare the competitive bid packages for all major subcontractors to be engaged in the construction of Phase II Project. Any construction manager/general contractor selected shall be required to have a California general contractor's license.

(2) Before commencement of construction of the Phase II Project, the California Science Center shall enter into a lease-purchase agreement upon approval by the Department of Finance with the foundation on terms that are compatible with the Phase I Project financing. The term of the lease-purchase agreement shall be a term not to exceed 25 years. Lease payments on behalf of the state shall be commensurate with the twenty-two million nine hundred forty-five thousand two hundred sixty-three dollars (\$22,945,263), (nineteen million one hundred thirty-seven thousand dollars (\$19,137,000) plus 19.9 percent augmentation authority) construction cost allocation of the state. Lease payments may also include any cost of financing that the foundation may incur related to tax-exempt financing. The California Science Center shall be authorized to direct the Controller to send the rental payments under the lease-purchase agreement directly to the foundation's bond trustee.

(3) The foundation shall ensure that the Phase II Project is inspected during construction by the state in the manner consistent with state infrastructure projects. The foundation shall also indemnify and defend and save harmless the Department of General Services for any and all claims

and losses accruing and resulting from or arising out of the foundation's use of the state's plans and specifications. The foundation and the California Science Center, upon consultation with the Director of General Services and the Department of Finance, shall agree on a reasonable level of state oversight throughout the construction of the Phase II Project in order to assist the foundation in the completion of the project within the intended scope and cost.

(4) At the end of the term of the site lease and the lease-purchase agreement unencumbered title to the land and improvements shall return to the state with jurisdiction held by Exposition Park and the facilities managed by the California Science Center on behalf of Exposition Park.

SEC. 7. Section 4102 of the Food and Agricultural Code is amended to read:

4102. Exposition Park, with the approval of the Natural Resources Agency, may build, construct, and maintain and operate a stadium or any arena, pavilion, or other building that is to be used for the holding of sports events, athletic contests, contests of skill, exhibitions, spectacles, and other public meetings. It may lease, let, or grant licenses for the use of that stadium, arena, pavilion, or other building, with the approval of the Natural Resources Agency.

SEC. 8. Section 4103 of the Food and Agricultural Code is amended to read:

4103. The California Science Center, in consultation with the Exposition Park Manager, may establish an air and space center in its building at Exposition Park in the City of Los Angeles.

SEC. 9. Section 4103.5 of the Food and Agricultural Code is amended to read:

4103.5. (a) (1) The California Science Center may enter into one or more agreements or leases with the California Science Center Foundation, a California nonprofit public benefit corporation, with the approval of the Natural Resources Agency, the Department of Finance, and the Department of General Services, for the purpose of developing, designing, constructing, equipping, furnishing, operating, and funding the project known as the Phase III Project of the California Science Center, which is located adjacent to or contiguous with the existing Phase I Project and Phase II Project of the California Science Center in Exposition Park. Those agreements and leases shall include a site lease of the land on which the Phase III Facilities are to be constructed with the California Science Center Foundation for a nominal payment, and a lease-purchase agreement pursuant to which the California Science Center shall lease and acquire the Phase III Facilities from the California Science Center Foundation. The site lease and the lease-purchase agreement shall be for a term ending 30 years after the later of October 1, 2022, or the date on which the Phase III Facilities are certified available for use and occupancy. The lease payments on behalf of the state shall be two million four hundred thirty thousand dollars (\$2,430,000) per year for the term of the lease-purchase agreement, commencing on the later of October

1, 2022, or the date on which Phase III Facilities are certified available for use and occupancy.

(2) Before entering into any agreement or lease with the California Science Center Foundation relating to the Phase III Project, the California Science Center shall have approval for the Phase III Project from the Natural Resources Agency and the Department of Finance.

(3) All agreements or leases entered into between the California Science Center and the California Science Center Foundation relating to the Phase III Project shall be on terms compatible with the financing arrangements that exist on the Phase I Project and Phase II Project. The entire design and construction cost of the Phase III Project shall be the sole responsibility of the California Science Center Foundation. Except for the lease payments contemplated in paragraph (1), any agreement or lease entered into between the California Science Center and the California Science Center Foundation relating to the Phase III Project shall not contain terms, either directly or indirectly, that obligate the California Science Center, Exposition Park, or the state to pay or repay any debt issuance or other financing that may be associated with the Phase III Project.

(4) Except for the site lease and the lease-purchase agreement described in paragraph (1), the agreements or leases entered into between the California Science Center and the California Science Center Foundation relating to the Phase III Project may have a term of up to 50 years. The California Science Center Foundation shall agree not to enter into any third-party donation, grant, or funding arrangement that limits or restricts the use or purpose of the Phase III Project beyond the agreement or lease duration as authorized in this section.

(5) All agreements or leases entered into between the California Science Center and the California Science Center Foundation relating to the Phase III Project shall contain a provision that the California Science Center Foundation agrees to indemnify, defend, and save harmless the state from any and all claims and losses arising out of the design and construction of the Phase III Project to the same extent the state is customarily indemnified by its architects, engineers, and contractors in connection with state infrastructure projects of similar type and scope.

(6) The scope of the Phase III Project shall be consistent with the Exposition Park Master Plan and may include the demolition of existing administration buildings and other ancillary state facilities. The Phase III Project shall be developed in a manner that is consistent with the state's climate change goals and the Green Building Action Plan, and complies with the requirements of Executive Order No. B-18-12, including, but not limited to, meeting the LEED Silver and other requirements for new or major renovated state buildings. The scope of the Phase III Project shall be consistent with the plans and specifications as approved by the Office of the State Fire Marshal and the Division of the State Architect in November 2016.

(b) For the purpose of carrying out subdivision (a), all of the following shall apply:

(1) All contracts in connection with the design, construction, and installation of the Phase III Project shall be contracts entered into by the California Science Center Foundation, and notwithstanding any other law, shall not be subject to state procurement law or law pertaining to state contracts.

(2) The California Science Center Foundation shall, and shall cause its contractors to, coordinate construction activity associated with the Phase III Facilities with the Exposition Park Manager and shall ensure the construction activity is carried out in a manner that complies with all existing leases and other commitments of the state with respect to Exposition Park and limits the impact on the tenants in and visitors to Exposition Park. Significant aspects of construction activity such as staging, parking, and security shall be subject to the prior review and approval of the Exposition Park Manager. Any agreements or leases between the California Science Center and the California Science Center Foundation relating to the Phase III Project shall obligate the California Science Center Foundation to reimburse the state for any lost revenue of the state while the Phase III Project is under construction to the extent resulting from the lost use of any area of Exposition Park other than the area approved to be occupied by the Phase III Facilities pursuant to the schematic design approved by the board of directors of the California Science Center on July 23, 2014, as may be revised from time to time by agreement between the parties thereto and with the approval of the Natural Resources Agency and the Department of Finance. Before the commencement of any construction of the Phase III Facilities, including, but not limited to, any related demolition of existing structures, the California Science Center Foundation and the Exposition Park Manager shall meet and confer in order to develop a construction schedule that shall not interfere with any previously scheduled events on the Exposition Park property. After the development of that construction schedule, the Exposition Park Manager shall coordinate any future event scheduling that could affect the construction of the Phase III Facilities with the California Science Center Foundation and its construction schedule. Any agreements or leases between the California Science Center and the California Science Center Foundation relating to the Phase III Project shall obligate the California Science Center Foundation to coordinate its construction schedule with the Exposition Park Manager with respect to special events planned on Exposition Park property. Any agreements or leases between the California Science Center and the California Science Center Foundation relating to the Phase III Project shall also obligate the California Science Center Foundation to indemnify, defend, and save harmless the state from any and all claims and losses resulting from any failure of the California Science Center Foundation to adhere to its construction schedule, as that schedule may be revised from time to time in consultation with the Exposition Park Manager, or to coordinate its construction schedule with the Exposition Park Manager with respect to special events planned on Exposition Park property, except, in each case, to the extent resulting from the failure of the Exposition Park Manager to

coordinate any events planned in Exposition Park that could affect the construction with the California Science Center Foundation and its construction schedule.

(3) The California Science Center Foundation shall ensure the Phase III Facilities are inspected during construction by the state in a manner consistent with state infrastructure projects. Before commencement of construction, the California Science Center Foundation and the California Science Center, upon consultation with the Department of General Services, the Natural Resources Agency, and the Department of Finance, shall agree on a reasonable level of state oversight throughout the construction of the Phase III Facilities to ensure the approved project scope is maintained, that initial estimates regarding long-term operation and maintenance obligations remain accurate, and that all project requirements are met.

(4) Any agreements or leases between the California Science Center and the California Science Center Foundation relating to the Phase III Project shall provide that, upon completion and certification that the Phase III Facilities are available for use and occupancy, the ownership and operation of the Phase III Facilities shall be under the control of the California Science Center with respect to the building and any museum-related structures and Exposition Park with respect to the other structures and the adjacent plazas and landscaping, provided that, during the term of the site lease and the lease-purchase agreement, title to the Phase III Facilities operated by the California Science Center shall be held by the California Science Center Foundation, and at the end of the term of the site lease and the lease-purchase agreement, unencumbered title to the Phase III Facilities shall transfer to the state with jurisdiction held by the California Science Center in accordance with the lease-purchase agreement.

(5) Notwithstanding any other law, including, but not limited to, Section 11007 of the Government Code, the California Science Center may consult with the Department of General Services for the procurement of property insurance, including fire, lightning, and extended coverage insurance, on the Phase III Facilities, subject to reasonable deductibles, provided the insurance is available on the open market from reputable insurance companies at a reasonable cost.

(c) For purposes of this section, the following terms have the following meanings:

(1) “Phase III Facilities” shall mean all buildings, structures, and plazas and landscaping adjacent to those buildings and structures constructed by the California Science Center Foundation as part of the Phase III Project of the California Science Center. “Phase III Facilities” shall not include exhibit elements and artifacts and the temporary space shuttle display pavilion.

(2) “Phase III Project” shall mean the development, design, construction, equipping, furnishing, operation, and funding of the Phase III Facilities, as well as all exhibit elements.

SEC. 10. Section 4104 of the Food and Agricultural Code is amended to read:

4104. (a) The Legislature hereby finds and declares that there is a need for a state repository dedicated to the diverse contributions of African Americans to the history and culture of this state and the nation.

(b) The California African American Museum is a part of Exposition Park and coexists with the California Science Center.

(c) The California African American Museum is governed by a seven-member board of directors. The Governor shall appoint the seven members, at least four of whom shall reside within the boundaries of the 6th Agricultural District. In addition, the Senator representing the Senate district in which the California African American Museum is located and the Assembly Member representing the Assembly district in which the museum is located shall be ex officio nonvoting members of the board. The two legislative ex officio nonvoting members of the board shall participate in the activities of the board to the extent that their participation is not incompatible with their respective positions as Members of the Legislature. The appointees of the Governor shall be appointed to four-year terms with the initial terms of appointment expiring as follows: one term expiring January 1, 1984, one term expiring January 1, 1985, one term expiring January 1, 1986, and one term expiring January 1, 1987. The person appointed to the Advisory Board of the California Museum of African American History and Culture by the Board of Directors of the California Science Center before the amendments made to this section by Chapter 1439 of the Statutes of 1987 shall serve on the Board of Directors of the California African American Museum until the Governor makes the fifth appointment authorized pursuant to those amendments. The fifth appointment made to the board shall serve a term expiring on January 1, 1990, the sixth appointment shall serve a term expiring on January 1, 1991, and the seventh appointment shall serve a term expiring on January 1, 1992.

(d) The Board of Directors of the California African American Museum shall have the sole authority, subject to existing state laws, regulations, and procedures, to determine how funds that have been appropriated and duly allocated by the Legislature and the Governor for support of the museum shall be expended. The board also shall have the sole authority, subject to existing state laws, regulations, and procedures, to contract with any state agency, institution, independent contractor, or private nonprofit organization that the board determines to be appropriate and qualified to assist in the operation of the museum. The board shall further have authority to establish the operations, programs, activities, and exhibitions of the California African American Museum. The Board of Directors of the California African American Museum shall be solely responsible for the actions taken and the expenditures made by the staff of the California African American Museum in the scope and course of their employment.

(e) The Board of Directors of the California African American Museum shall appoint an executive director, who shall be exempt from civil service, and any necessary staff to carry out the provisions of this section, who shall be subject to the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code). The California

African American Museum shall submit its annual budget request directly to the Natural Resources Agency. The California African American Museum may accept grants, contributions, and appropriations from federal, state, local, and private sources for its operation.

(f) The California African American Museum shall preserve, collect, and display samples of African American contributions to the arts, sciences, religion, education, literature, entertainment, politics, sports, and history of the state and the nation. The enrichment and historical perspective of that collection shall be made available for public use and enjoyment.

(g) The California African American Museum shall use stationery and other supplies of the former museum and shall phase in the name change with existing resources.

SEC. 11. Section 4105 of the Food and Agricultural Code is amended to read:

4105. Notwithstanding any other law, from December 14 to December 21, inclusive, of any year, a state entity shall not charge parking fees for the parking facilities surrounding the Los Angeles Memorial Coliseum when an event is being held at the facilities of the museum by a private nonprofit charitable organization for the purpose of collection and distribution of toys and food.

SEC. 12. Section 4106 of the Food and Agricultural Code is amended to read:

4106. (a) Exposition Park shall work with the Los Angeles Memorial Coliseum Commission, the City of Los Angeles, and the County of Los Angeles to develop additional parking facilities in Exposition Park to the extent necessary to allow for expansion of the park.

(b) Exposition Park shall manage or operate its parking facilities in a manner that preserves and protects the interests of the California Science Center and the California African American Museum and recognizes the cultural and educational character of Exposition Park.

(c) The Exposition Park Improvement Fund is hereby created in the State Treasury. All revenues received by Exposition Park from its parking facilities, from rental of state facilities, or from other business activities shall be deposited in the Exposition Park Improvement Fund.

(d) The moneys in the Exposition Park Improvement Fund may only be used, upon appropriation by the Legislature, for improvements to Exposition Park, including, but not limited to, maintenance of existing state facilities, replacement of state equipment, supplies and wages expended to generate revenues from rental of state facilities, development of new parking facilities, and acquisition of land within or adjacent to Exposition Park.

(e) (1) The Legislature hereby finds and declares that there is a need for development of additional park, recreation, museum, and parking facilities in Exposition Park. The Legislature recognizes that the provision of these needed improvements as identified in the Exposition Park Master Plan may require the use of funds provided by other governmental agencies or private donors.

(2) Exposition Park may accept funds from other governmental agencies or private contributions for the purpose of implementation of the Exposition Park Master Plan. The private contributions and funds from governmental agencies other than state governmental agencies shall be deposited in the Exposition Park Improvement Fund in the State Treasury and shall be available for expenditure without regard to fiscal years by Exposition Park for implementation of the Exposition Park Master Plan. Funds from other state governmental agencies shall be deposited in the Exposition Park Improvement Fund and shall be available for expenditure, upon appropriation, by Exposition Park for implementation of the Exposition Park Master Plan. However, any expenditure is not authorized sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine. Neither the City of Los Angeles nor the County of Los Angeles shall impose any tax upon tickets purchased authorizing the use of parking facilities owned by Exposition Park.

SEC. 13. Section 4108 of the Food and Agricultural Code is amended to read:

4108. There shall be established in Exposition Park the position of Exposition Park Manager to be filled by a person appointed by the Governor for the purpose of managing, scheduling, and administering all park-related events, including, but not limited to, oversight for the police and security services of the park.

(a) The Exposition Park Manager may appoint the following persons:

(1) The chief, assistant chief, and the security and public safety leadership of Exposition Park, who shall have the powers of peace officers as specified in Section 830.3 of the Penal Code, and who shall work in consultation and under contract with the Exposition Park Manager.

(2) Other safety officers who shall have the powers of arrest as specified in Section 830.7 of the Penal Code.

(b) The officers appointed pursuant to subdivision (a) shall provide police and security services to keep order and to preserve the peace and safety of persons and property at the California Science Center, California African American Museum, and all other facilities in Exposition Park on a year-round basis, in coordination with the direction or information provided by the Exposition Park Manager.

(c) The Exposition Park Manager, in consultation with the Natural Resources Agency and the Department of General Services, shall approve the leasing, construction, or alteration of existing facilities within Exposition Park. The executive director of the California Science Center and the executive director of the California African American Museum, in consultation with the Natural Resources Agency and the Department of General Services, shall approve the leasing, construction, or alteration of their respective museum facilities. All actions taken pursuant to this

subdivision shall only occur upon approval or delegation of authority by the respective board of directors.

SEC. 14. Section 11270 of the Government Code is amended to read:

11270. As used in this article, “administrative costs” means the amounts expended by the Legislature, the Legislative Counsel Bureau, the Governor’s Office, the Department of Technology, the Office of Planning and Research, the Department of Justice, the State Controller’s Office, the State Treasurer’s Office, the State Personnel Board, the Department of Finance, the Department of Financial Information System for California, the Office of Administrative Law, the Department of Human Resources, the Secretary of California Health and Human Services, the California State Auditor’s Office, the Department of General Services, and the California State Library, and a proration of any other cost to or expense of the state for services or facilities provided for the Legislature and the above agencies, for supervision or administration of the state government or for services to other state agencies.

SEC. 15. Section 12805 of the Government Code is amended to read:

12805. (a) The Resources Agency is hereby renamed the Natural Resources Agency. The Natural Resources Agency consists of the departments of Forestry and Fire Protection, Conservation, Fish and Wildlife, Parks and Recreation, and Water Resources; the State Lands Commission; the Colorado River Board; the San Francisco Bay Conservation and Development Commission; the Central Valley Flood Protection Board; the Energy Resources Conservation and Development Commission; the Wildlife Conservation Board; the Delta Protection Commission; Exposition Park; the California Science Center; the California African American Museum; the Native American Heritage Commission; the California Conservation Corps; the California Coastal Commission; the State Coastal Conservancy; the California Tahoe Conservancy; the Santa Monica Mountains Conservancy; the Coachella Valley Mountains Conservancy; the San Joaquin River Conservancy; the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy; the Baldwin Hills Conservancy; the San Diego River Conservancy; and the Sierra Nevada Conservancy.

(b) Existing supplies, forms, insignias, signs, or logos shall not be destroyed or changed as a result of changing the name of the Resources Agency to the Natural Resources Agency, and those materials shall continue to be used until exhausted or unserviceable.

SEC. 16. Section 12012.96 is added to the Government Code, to read:

12012.96. (a) On or before December 15, 2018, and on or before December 15 of each fiscal year thereafter, the Department of Finance, in consultation with the California Gambling Control Commission, shall determine if total revenues estimated for the Indian Gaming Special Distribution Fund in the current fiscal year are anticipated to exceed estimated expenditures, transfers, reasonable reserves, or other adjustments from the fund for the current fiscal year. As determined by, and within the discretion of, the Department of Finance, if the estimated revenues to the fund, along with any prior year excess revenues, exceed the estimated

expenditures, transfers, reasonable reserves, or other adjustments from the funds, the California Gambling Control Commission, upon approval by the Department of Finance, shall apply the amount of funds directed by the Department of Finance to reduce, eliminate, satisfy, or partially satisfy, on a proportionate basis, the pro rata share payments required to be made to the fund by limited gaming tribes, as defined in class III gaming compacts.

(b) This section shall apply to each limited gaming tribe for the period in which the limited gaming tribe has a compact obligation to contribute to the fund, as specified in the limited gaming tribe's compact, regardless of any action taken pursuant to subdivision (a).

SEC. 17. Article 7 (commencing with Section 12100.60) is added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, to read:

Article 7. California Small Business Development Technical Assistance Expansion Act of 2018

12100.60. This article shall be known and may be cited as the California Small Business Development Technical Assistance Expansion Act of 2018.

12100.61. The Legislature finds and declares all of the following:

(a) Small businesses form the core of the California economy and that it is in the interest of the state to increase opportunities and improve access to business and technical resources for entrepreneurs, the self-employed, and microbusiness and small business owners, particularly underserved business groups, including women, minority, and veteran-owned businesses, and businesses in low-wealth, rural, and disaster-impacted communities.

(b) The federal government funds and operates a range of technical assistance programs through contracts with nonprofit organizations that commit to serve and support small businesses in California, including the California Small Business Development Center Program, the Women's Business Center Program, the Veteran Business Outreach Center Program, the Procurement Technical Assistance Center Program, the Manufacturing Extension Partnership, and the Minority Business Development Center Program. All of these programs provide free or low-cost services to California small businesses to enable their launch and sustained growth. It is in the interest of the state to collaborate with these programs to provide an economic environment in which small businesses can be successful, including participation in a seamless network of federal, state, and nonprofit programs, services, and activities that benefit small businesses.

(c) (1) The California Small Business Development Center Program, a component of the federal Small Business Development Center Program, plays a significant role in expanding and supporting California small businesses. There are more than 1,000 small business development centers in the United States and its territories, over 40 of which are located throughout California.

(2) The primary role of the California Small Business Development Center Program is to provide technical assistance to the state's small businesses, including tracking assistance and outcomes that result in a meaningful contribution to the California economy. This program is administered through the federal Small Business Administration.

(d) (1) The Women's Business Center Program plays a significant role in expanding and supporting women-owned small businesses in California. The Women's Business Center Program was established to provide in-depth, substantive, outcome-oriented business services to women entrepreneurs, both nascent and established businesses, including a representative number of which are socially and economically disadvantaged.

(2) The Women's Business Center Program meets its mission through the award of financial assistance to tax-exempt, private nonprofit organizations to enable them to effect a substantial economic impact in their communities, as measured by successful business startups, job creation and retention, and increased company revenues. This program is administered through the federal Small Business Administration.

(e) The Veteran Business Outreach Center Program in California plays an important role in meeting the unique needs of veterans in starting and operating businesses. The program is funded by the federal Small Business Administration's veterans unit. The Veteran Business Outreach Center Program provides statewide small business consulting and workshops for veteran owners of small businesses, and veterans wishing to start a small business.

(f) (1) The Procurement Technical Assistance Center Program plays an important role in helping small businesses access public contract opportunities. Congress authorized the Procurement Technical Assistance Center Program in 1985 in an effort to expand the number of businesses capable of participating in the government marketplace.

(2) The Procurement Technical Assistance Center Program is administered by the federal Department of Defense. The program provides matching funds through cooperative agreements with state and local governments and nonprofit organizations for the establishment of procurement technical assistance centers to provide procurement assistance.

(3) Procurement technical assistance centers are staffed with counselors experienced in government contracting and provide a wide range of services including classes and seminars, individual counseling, and easy access to bid opportunities, contract specifications, procurement histories, and other information necessary to successfully compete for government contracts.

(g) The Hollings Manufacturing Extension Partnership was established in the 1980s as United States manufacturing faced increased competition from other countries. The United States faced key competitive challenges in consumer electronics, steel, and other industries. United States goods production processes were deemed comparatively outdated and innovation stagnated. The program is administered by the National Institute of Standards and Technology, within the Department of Commerce.

(h) The Minority Business Development Center Program is administered by the federal Department of Commerce’s Minority Business Development Agency. The program provides a range of services to minority-owned businesses seeking to expand to new markets, both foreign and domestic, as well as a wide range of technical assistance and business services, including business consulting, private equity and venture capital opportunities, facilitating joint ventures, and strategic partnerships.

12100.62. Unless the context otherwise requires, the following definitions in this section shall govern the construction of this article:

(a) “California Small Business Development Center Program” is comprised of the five regional networks of small business development centers operating in the state pursuant to a cooperative agreement between the fiscal agent and the federal Small Business Administration.

(b) “Committed nonstate local cash match” means funding awarded by a nonstate local source to a federal small business technical assistance center through a letter of intent, notice of award, or cash deposit.

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

(d) “Federal small business technical assistance center” means an organization that contracts with a federal funding partner to operate a small business development center, a women’s business center, a veterans business outreach center, a manufacturing extension partnership center, a minority business development center, a procurement technical assistance center, or a similar program within this state to support small businesses.

(e) “Federal funding partner” means the federal Small Business Administration, federal Department of Commerce, federal Department of Defense, or any other federal agency with the authority to administer a small business technical assistance program in this state.

(f) “Fiscal agent” means the entity with which a federal funding partner contracts to administer small business technical assistance programs within a state or district. The fiscal agent shall be directly accountable to the federal funding partner for all aspects of the specified small business technical assistance program, including staffing, programming, outreach, securing any required matching funds to draw down federal funds, and reporting performance outcomes to operate the program in the fiscal agent’s area of responsibility.

(g) “GO-Biz” or “office” means the Governor’s Office of Business and Economic Development.

(h) “Local cash match” means nonfederal funds that are spent on eligible program costs.

(i) “Manufacturing extension partnership center” means a California contractor recognized by the federal National Institute of Standards and Technology pursuant to the Omnibus Trade and Competitiveness Act of 1988 (Public Law 100-418), at which small manufacturers can obtain information and assistance on new technology acceleration, supply chain management, lean processing, export development, sustainable manufacturing practices, and other issues related to innovation.

(j) “Minority business development center” means an entity or physical location, recognized by the federal Department of Commerce, from which a minority-owned small business may receive consulting and technical services to expand to new markets, both foreign and domestic.

(k) “Minority business export center” means an entity or physical location, recognized by the federal Department of Commerce, from which a minority-owned small business may receive consulting and technical services to increase access to capital, contracts, and foreign markets.

(l) “Procurement act” means Chapter 142 (commencing with Section 2411) of Part IV of Subtitle A of Title 10 of the United States Code, which governs the Procurement Technical Assistance Cooperative Agreement program, administered by the federal Department of Defense.

(m) “Procurement technical assistance center” means an entity or physical location, recognized by the federal Department of Defense, from which a small business owner may receive free training on a variety of topics, including starting, operating, and expanding a small business.

(n) “Program” means the California Small Business Development Technical Assistance Expansion Program created pursuant to Section 12100.63 and administered in accordance with this article.

(o) “Small business act” means the Small Business Development Center Act of 1980 (Public Law 96-302), and any amendments to that act, which authorizes the Small Business Development Center Program, administered by the federal Small Business Administration.

(p) “Small business development center” means to an entity or physical location, recognized by the federal Small Business Administration, from which a small business owner or an aspiring entrepreneur may receive free one-on-one consulting and low at-cost training on a variety of topics, including starting, operating, and expanding a small business.

(q) “Veteran’s business act” means Section 657b of Title 15 of the United States Code, which establishes the Office of Veterans Business Development and governs veteran business outreach centers, administered by the federal Small Business Administration.

(r) “Veterans business center” means an entity or physical location, recognized by the federal Small Business Administration, from which a small business veteran owner or an aspiring veteran entrepreneur can receive free one-on-one consulting and low at-cost training on a variety of topics including starting, operating, and expanding a small business.

(s) “Women’s business act” means the Women’s Business Ownership Act of 1988 (Public Law 100-533), and any amendments to that act, administered by the federal Small Business Administration.

(t) “Women’s business center” means an entity or physical location, recognized by the federal Small Business Administration, from which a small business owner or an aspiring entrepreneur can receive free one-on-one consulting and low at-cost training on a variety of topics including starting, operating, and expanding a small business.

12100.63. (a) The California Small Business Technical Assistance Expansion Program is hereby created within the office.

(b) The program shall be under the direct authority of the director.

(c) The purpose of the program is to assist small businesses through free or low-cost one-on-one consulting and low-cost training by entering into grant agreements with one or more federal small business technical assistance centers.

(d) In implementing the program, the office shall consult with local, regional, federal, and other state public and private entities that share a similar mission to support the needs of small businesses in California.

(e) An applicant pursuant to this article shall be a federal small business technical assistance center operating as a group, including a regional or statewide network, or as an individual center.

(1) A federal small business technical assistance center operating as a group consisting of centers organized under a coordinating administrative or fiscal entity shall apply by submitting a single consolidated application to the office.

(2) A federal small business technical assistance center operating as an individual center shall apply by submitting a single application for that center to the office.

(f) The office shall administer the program to provide grants to expand the capacity of small business development technical assistance programs in California, administered by and primarily funded by federal agencies, that provide one-on-one confidential consulting and training to small businesses and entrepreneurs in this state. An applicant shall be eligible to participate in the program if the office determines that the applicant meets all of the following criteria:

(1) At the time of applying for funds, the applicant has an active contract with a federal funding partner to administer a program in this state, or has received a letter of intent from a federal funding partner to administer a federal small business technical assistance center program in this state within the next fiscal year.

(2) (A) The applicant provided a plan of action and commitment to fully draw down all of the federal funds available using local cash match and state funds not described in Section 12100.65 during the duration of the award period. GO-Biz may request that the applicant provide details relating to the source and amount of these nonstate local match funds.

(B) If the applicant is a new federal small business technical assistance center, the applicant has demonstrated the ability to fully draw down substantially all federal funds available to it.

(3) The requested funding amount does not exceed the total federal award specified in the contract with the federal funding partner contract, but in any event is no less than twenty five thousand dollars (\$25,000).

(4) The applicant seeks funding for one or more years, but no more than five years in duration.

(5) The grant agreements authorized by this article are not subject to the model contract provisions developed pursuant to Chapter 14.27 (commencing with Section 67325) of Part 40 of Division 5 of Title 3 of the Education Code.

(6) The applicant has a fiscal agent that is able to receive nonfederal funds.

(g) The office shall issue a request for proposal for grants under the program, which may contain the following information:

- (1) The eligibility requirements described in subdivision (e).
- (2) The available funding range.
- (3) Funding instruments.
- (4) The local cash match requirement described in subdivision (f).
- (5) Operational capacity.
- (6) The duration of the program.
- (7) The start date of the program.
- (8) Narrative requirements.
- (9) Reporting requirements.
- (10) Required attachments.
- (11) Submission requirements.
- (12) Application evaluation criteria.
- (13) An announcement of an awards timeline.

(h) (1) The office shall evaluate applications received based on the following factors:

(A) The proposed use of the requested funding, including the specificity, measurability, and ability of the applicant to document and achieve the goals and objectives identified in its application.

(B) The proposed management strategy of the applicant to achieve its goals and objectives identified in its application.

(C) The applicant's ability to complement and leverage the work of other local, state, federal, nonprofit, or private business technical assistance resource providers.

(D) The applicant's historical performance with federal funding partner contracts and the strength of its fiscal controls.

(2) The office shall prioritize funding for applications that best meet the factors listed in paragraph (1) and give preference to applications that propose new or enhanced services to underserved business groups, including women, minority, and veteran-owned businesses, and businesses in low-wealth, rural, and disaster-impacted communities included in a state or federal emergency declaration or proclamation.

(i) State funds provided pursuant to the program shall be used to expand consulting and training services through existing and new centers, including satellite offices. State funds provided pursuant to the program shall not supplant nonstate local cash match dollars included in a federal small business technical assistance center's plan described in subparagraph (A) of paragraph (2) of subdivision (f).

12100.65. Upon appropriation of funds by the Legislature for the purpose of implementing this article, the office shall make grants to federal small business technical assistance centers, consistent with the requirements of Section 12100.63.

12100.67. (a) Upon approval of an award to a federal small business technical assistance center pursuant to this article, the office shall issue to a notice of an award that includes all of the following:

- (1) The amount of the award.
 - (2) A requirement that the federal small business technical assistance center periodically provide a performance report that includes all of the following information:
 - (A) The number of businesses consulted and trained.
 - (B) The amount of funds awarded.
 - (C) The size of businesses assisted based on the number of employees at the time those businesses were assisted, as reported by those assisted businesses, categorized based on the size of the assisted businesses, as determined by the office.
 - (D) The city and county in which any assisted businesses are located.
 - (E) Industry sectors of the businesses assisted, as reported by those businesses.
 - (F) A narrative description of how the funds awarded were used to expand services to underserved business groups, including women, minority, and veteran-owned businesses, and to help businesses and entrepreneurs to start, expand, facilitate investment, and create jobs in California, including in rural communities, low-wealth communities, and disaster-impacted areas included in a state or federal emergency declaration or proclamation.
 - (3) A requirement that the federal small business technical assistance center periodically provide a financial report that includes all of the following information:
 - (A) The name of any business consultant employed.
 - (B) The hourly rates of any business consultant employed.
 - (C) The number of hours worked by any business consultant employed.
 - (D) Costs for client trainings.
 - (E) Cost for administration and marketing.
 - (F) The duration of the assistance provided by the federal small business technical assistance center.
 - (G) The start date of the assistance provided by the federal small business technical assistance center.
- (b) Each federal small business technical assistance center shall accept the reporting requirement in this section as a condition of receiving the grant.
- (c) No more than 60 days following the completion of an agreement term pursuant to this article, a federal small business technical assistance center shall provide a final written performance and financial report to the office consistent with the requirements of this section.
- (d) The director shall include the outcome of the program's activities within the annual report of the Office of the Small Business Advocate required by Section 12098.4.

12100.69. This article shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 18. Section 13070.5 is added to the Government Code, to read:

13070.5. The department shall ensure the state carries out its responsibilities in accordance with the federal Single Audit Act (31 U.S.C. Sec. 7501 et seq.). For that purpose, the department shall do all of the following:

(a) Act as the liaison between state agencies, the California State Auditor, and other relevant federal agencies.

(b) Establish guidelines and instructions for state agencies pursuant to this section. The adoption, amendment, or repeal of these guidelines, instructions, or other directives consistent with this section, shall be exempt from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2).

(c) Collect financial information related to federal awards received, including schedules of cash and noncash federal assistance and pass through amounts.

(d) Collect nonfinancial information related to federal awards received, including prior audit findings and management representation letters.

(e) Review and consolidate the financial and nonfinancial information from state agencies under subdivisions (c) and (d) and prepare the Schedule of Federal Awards and related schedules, to be forwarded to the California State Auditor for inclusion in the Single Audit Report.

(f) Upload the completed Single Audit Report to the Federal Clearinghouse on behalf of the state.

SEC. 19. Section 13293 of the Government Code is amended to read:

13293. The department shall have access and authority to examine all records, files, documents, accounts, reports, correspondence, and all financial affairs of every agency of the state permitted or charged by law with the handling of public money or its equivalent. It may enter any public office or institution in this state and access, examine, and reproduce any records, files, books, papers, accounts, reports, correspondence, or documents contained therein or belonging thereto for the purpose of making such examination, and shall have access, in the presence of the custodian or his deputy, to the cash drawers and cash in the custody of such agency.

During business hours the department may examine the public accounts in any depository which has public funds in its custody.

SEC. 20. Section 13293.1 is added to the Government Code, to read:

13293.1. (a) No law providing for the confidentiality of any records or property shall prevent disclosure of information or documents obtained in connection with any audit, evaluation, investigation, or review conducted by the department unless the provision specifically refers to and precludes access, examination, and reproduction pursuant to Section 13293. Information or documents obtained in connection with any audit, evaluation, investigation, or review conducted by the department are subject to any limitations on release of the information or documents as may apply to an employee or officer of the state or local governmental agency or publicly created entity that provided the information or documents to the department. Providing confidential information to the department pursuant to this section,

including, but not limited to, confidential information that is subject to a privilege, shall not constitute a waiver of that privilege.

(b) For purposes of this section, “confidentiality of records or property” means that the record or property may lawfully be kept confidential as a result of a statutory or common law privilege or any other provision of law.

(c) Any information or documents obtained in connection with an audit, evaluation, investigation, or review conducted by the department may be kept confidential and disclosure of the information or documents shall not be required under the California Public Records Act if the department determines that nondisclosure would protect a person from potential retaliation or fear of retaliation for participating in the audit, evaluation, investigation, or review.

(d) An employee of a state agency, local agency, or publicly created entity, including the entity subject to the audit, shall not publicly disclose papers, correspondence, memoranda, draft audit findings, or information related to those audit findings, or any other content pertaining to any ongoing audit, evaluation, investigation, or review without the department’s express permission. This limitation on disclosure regarding an ongoing audit also applies to the department and any entity who assists the department with an audit, evaluation, investigation, or review.

SEC. 21. Section 13293.3 is added to the Government Code, to read:

13293.3. (a) In connection with any audit, evaluation, investigation, or review conducted by the department, the department or a department designee may issue subpoenas for the attendance of witnesses and the production of records, files, documents, accounts, reports, or correspondence, or for making of oral or written sworn statements, in any interview conducted as part of an audit, evaluation, investigation, or review.

(b) A subpoena issued under this section extends as process to all parts of the state and may be served by any person authorized to serve process of courts of record or by any person designated for that purpose by the department. The person serving this process may receive compensation as allowed by the department, not to exceed the fees prescribed by law for similar service.

(c) Notwithstanding Section 7470, 7474, or 7491, subpoenas issued under this section for financial records of financial institutions concerning customers of financial institutions or for information contained in those records shall not be subject to the requirement or conditions of Section 7474.

SEC. 22. Section 13293.5 is added to the Government Code, to read:

13293.5. It is a misdemeanor, punishable by imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars (\$1,000), or by both that imprisonment and fine, to do any of the following:

(a) Fail or refuse to permit the examination of, access to, or reproduction of the records, files, documents, accounts, reports, correspondence, cash drawers, or cash of his or her office by the department or in any way interferes with such examination conducted pursuant to this article.

(b) Interfere, intend to deceive or defraud, or obstruct the department in its performance of an audit, evaluation, investigation or review pursuant to this article.

(c) Manipulate, correct, alter, or change records, documents, accounts, reports, or correspondence prior to or during any audit, evaluation, investigation, or review conducted pursuant to this article.

(d) Distribute, reproduce, release, or fail to safeguard confidential draft documents exchanged between the department and the entity subject to the audit, evaluation, investigation, or review conducted pursuant to this article prior to the release of the department's final report and without the department's express permission.

SEC. 23. Section 13332.10 of the Government Code is amended to read:

13332.10. (a) (1) The Director of General Services may not enter into a lease agreement between the state and another entity, public or private, in which the state is lessee if the agreement is to be for the lease of a building or building space, or both, which will be for the occupancy of any agency or agencies of the state where any of the conditions set forth in paragraph (2) exist, unless not less than 30 days prior to entering into the lease the Director of General Services notifies the chairperson of the committee in each house which considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or his or her designee, in writing of the director's intention to enter into the agreement, or not sooner than such lesser time as the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.

(2) (A) The proposed lease is for a firm lease period of longer than eight years.

(B) The proposed lease would require an increase in a department or agency's support budget.

(C) The proposed lease is a capitalized lease, unless it has previously been authorized by the Legislature.

(D) Entering into the proposed lease would result in any occupying department or agency vacating a material amount of state-owned space, and the Director of General Services has not identified one or more state departments or agencies to fill that space.

(3) No funds appropriated in any Budget Act may be encumbered or expended for any lease entered into on or after July 1, 1979, for office space in the County of Sacramento unless all solicitations for leases for office space in the County of Sacramento under the above-described conditions contain the statement, "The state is anticipating capital construction in the City of Sacramento and intends to eventually reduce the use of space on a leased basis."

(b) The Director of General Services shall, when notifying the Legislature pursuant to paragraph (1) of subdivision (a), provide information to the Legislature that demonstrates that the proposed lease is in the best interest of the state. The notice shall include all of the following:

(1) The terms of the lease.

(2) An analysis showing the financial impact of the proposed lease.

(3) A summary of alternatives considered.

(4) A rationale for entering into a lease that includes the specific provision or provisions that triggered the notification required by paragraph (1) of subdivision (a).

(c) Notwithstanding Section 10231.5, commencing January 10, 2019, and annually thereafter, the Director of General Services shall submit to the chairs and vice chairs of the budget committees in each house a report that identifies all of the leases that the Director of General Services expects to expire during the subsequent fiscal year, including the end of a firm term or a soft term of a lease. The report shall include information on each of the existing leases, including the tenant department or departments, the expiration date of each lease, the net square footage, and the annual cost.

SEC. 24. Section 13405 of the Government Code is amended to read:

13405. (a) To ensure that the requirements of this chapter are fully complied with, each agency head that the Department of Finance determines is covered by this section shall, on a biennial basis but no later than December 31 of each odd-numbered year, conduct an internal review and prepare a report on the adequacy of the state agency's systems of internal control, and monitoring practices in accordance with the guide prepared by the Department of Finance pursuant to subdivision (d).

(b) The report, including the state agency's response to review recommendations, shall be signed by the agency head and addressed to the agency secretary, or the Director of Finance for a state agency without a secretary. An agency head shall submit a copy of the report and related response, pursuant to a method determined by the Department of Finance, to the Legislature, the California State Auditor, the Controller, the Department of Finance, the Secretary of Government Operations, and to the State Library where the copy shall be available for public inspection. A copy of the report shall be posted on the agency's Internet Web site within five business days after acceptance by the Department of Finance.

(c) The report shall identify all inadequacies or weaknesses in a state agency's systems of internal control that prevents the agency head from stating that the state agency's systems comply with this chapter. By June 30, subsequent to the report prepared pursuant to subdivision (a), the state agency shall provide to the Department of Finance a plan and schedule for correcting the identified inadequacies or weaknesses. The plan and schedule shall be updated every six months until all corrections are implemented.

(d) The Department of Finance, in consultation with the California State Auditor and the Controller, shall establish, and may modify from time to time as necessary, a system of reporting and a general framework to guide state agencies in conducting internal reviews of their systems of internal control. The adoption, amendment, or repeal of this system of reporting and general framework, or other directives to guide state agencies consistent with this section, shall be exempt from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2).

(e) The Department of Finance, in consultation with the California State Auditor and the Controller, shall establish, and may modify from time to time as necessary, a general framework of recommended practices to guide state agencies in conducting active, ongoing monitoring of processes for internal control.

SEC. 25. Section 13920 is added to the Government Code, to read:

13920. The board may adopt regulations pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 governing any matter over which it has jurisdiction.

SEC. 26. Section 15570.31 is added to the Government Code, immediately following Section 15570.30, to read:

15570.31. Notwithstanding any other law, this part shall not limit the authority of, and expressly authorizes, the department and the board to delegate, share, provide assistance for, or transfer between themselves administrative responsibilities for tax and fee programs within the department's and the board's respective duties, powers, and responsibilities pursuant to an agreement. However, the agreement between the department and the board shall not transfer jurisdiction over any of the tax and fee programs that are the subject of the agreement.

SEC. 27. Section 15600 of the Government Code is amended to read:

15600. (a) There is in state government the State Board of Equalization.

(b) The board shall continue to only have the following duties, powers, and responsibilities:

(1) The review, equalization, or adjustment of a property tax assessment pursuant to Section 11 of Article XIII of the California Constitution, and any duty, power, or responsibility conferred by statute on the board in connection with that review, equalization, or adjustment.

(2) The measurement of county assessment levels and adjustment of secured local assessment rolls pursuant to Section 18 of Article XIII of the California Constitution, and any duty, power, or responsibility conferred by statute on the board in connection with that measurement and adjustment.

(3) The assessment of pipelines, flumes, canals, ditches, and aqueducts lying within two or more counties and property, except franchises, owned or used by regulated railway, telegraph, or telephone companies, car companies operating on railways in the state, and companies transmitting or selling gas or electricity pursuant to Section 19 of Article XIII of the California Constitution, as well as the equalization of that assessment, and any duty, power, or responsibility conferred by statute on the board in connection with that assessment.

(4) The assessment of taxes on insurers pursuant to Section 28 of Article XIII of the California Constitution and any duty, power, or responsibility conferred by statute on the board in connection with that assessment and equalization.

(5) The assessment and collection of excise taxes on the manufacture, importation, and sale of alcoholic beverages in this state pursuant to Section 22 of Article XX of the California Constitution, and any duty, power, or

responsibility conferred by statute on the board in connection with that assessment and collection.

(6) The administration of the welfare exemption provided by Section 214 of the Revenue and Taxation Code and the veterans' organization exemption provided by Section 215.1 of the Revenue and Taxation Code, including issuing an organizational clearance certificate and reviewing assessors' administration of those exemptions as required pursuant to Sections 254.5 and 254.6 of the Revenue and Taxation Code.

(7) The responsibility for receiving a change in ownership statement required to be filed due to a change in control or a change in ownership of a corporation, partnership, limited liability company, or other legal entity pursuant to Sections 480.1 and 480.2, respectively, of the Revenue and Taxation Code.

(8) The administration of Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code, commonly known as the Tax-Rate Area System.

(c) The board shall retain the duty to adjust the rate of the motor vehicle fuel tax pursuant to subdivision (b) of Section 7360 of the Revenue and Taxation Code for the 2018–19 fiscal year.

(d) (1) In order to ensure a seamless transition from the State Board of Equalization to the Office of Tax Appeals in the conduct of appeals hearings on and after January 1, 2018, pursuant to Part 9.5 (commencing with Section 15670), the State Board of Equalization, consistent with subdivision (b) of Section 15674, shall continue to have the legal authority to hear, determine, decide, or take any other action with respect to an appeal, as defined in subdivision (a) of Section 15671, regarding matters for which the duties, powers, and responsibilities are transferred to the Office of Tax Appeals pursuant to Section 15672, only if both of the following are satisfied:

(A) The hearing, determination, decision, or any other action with respect to an appeal is placed on the calendar of a meeting of the State Board of Equalization to be held before January 1, 2018.

(B) The appeal is heard, determined, decided, or is otherwise final before January 1, 2018.

(2) On and after January 1, 2018, the State Board of Equalization shall have no legal authority to, and shall not, regarding matters for which the duties, powers, and responsibilities are transferred to the Office of Tax Appeals pursuant to Section 15672, conduct an appeals hearing, make a determination, issue or publish a decision on an appeal, or take any other action with respect to an appeal heard at a meeting of the State Board of Equalization before January 1, 2018, for which the State Board of Equalization's hearing, determination, decision, or any other action is, for any reason, not final before January 1, 2018.

(e) (1) (A) The board shall retain all employees serving in state civil service, including temporary employees, who are engaged in the performance of functions described in subdivision (b). The status, positions, and rights of those persons shall not be affected by their retention 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.

(B) Notwithstanding subparagraph (A), all employees serving in state civil service, including temporary employees, who are engaged in the performance of functions described in paragraphs (6), (7), or (8) of subdivision (b) that were transferred to the California Department of Tax and Fee Administration pursuant to Section 15570.26 shall be transferred back to the board. 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 employees transferred pursuant to this subparagraph shall be transferred to the board.

(C) The board shall succeed to all the rights and property of the California Department of Tax and Fee Administration that relate to the performance of functions described in paragraphs (6), (7), and (8) of subdivision (b) and all those related rights and property shall be transferred back to the board. The Department of General Services shall determine where the property is transferred, if necessary.

(2) The board also may employ civil service staff persons to carry out the duties, powers, and responsibilities described in subdivision (b) as approved by the Legislature through the budget.

(3) The board shall retain the authority to appoint an executive director and prescribe and enforce his or her duties pursuant to Section 15604.

(f) Each member of the board elected by the voters of an equalization district shall have only one office in Sacramento and one district office.

(g) Each board member elected by the voters of an equalization district shall have a staff consisting of two staff persons who are exempt from civil service pursuant to Section 4 of Article VII of the California Constitution and any other civil service positions approved by the Legislature through the budget.

(h) (1) A board member shall have no authority to appoint, remove, discipline, assign, reassign, promote, demote, or issue orders to any employee of the board, including, but not limited to, the career executive assignment positions and other noncivil service managers.

(2) The executive director shall be solely responsible for selecting persons for career executive assignment positions and other noncivil service managers for the board.

(i) A board member shall not modify or approve a budget change proposal for the board or the California Department of Tax and Fee Administration. The executive director shall modify or approve all budget change proposals for the board.

(j) A board member shall not interfere with or influence the process of the board's or the California Department of Tax and Fee Administration's legislative analyses, revenue analyses, or any other form of technical assistance requested by the Governor or the Legislature.

(k) All board member procurements shall be processed through the Department of General Services.

(l) (1) A member of the board shall not represent a person in a hearing before the board before one year after the expiration of the member's term on the board or one year after separation from the board.

(2) The staff of a member of the board shall not represent a person in a hearing before the board before one year after separation from employment with that member.

(m) This section shall become operative on July 1, 2017.

SEC. 28. Section 16310 of the Government Code is amended to read:

16310. (a) When the General Fund in the Treasury is or will be exhausted, the Controller shall notify the Governor and the Pooled Money Investment Board. The Governor, or his or her designee, may order the Controller to direct the transfer of all or any part of the moneys not needed in other funds or accounts to the General Fund from those funds or accounts, as determined by the Pooled Money Investment Board, including the Surplus Money Investment Fund or the Pooled Money Investment Account. All moneys so transferred shall be returned to the funds or accounts from which they were transferred as soon as there are sufficient moneys in the General Fund to return them. No interest shall be charged or paid on any transfer authorized by this section, exclusive of the Pooled Money Investment Account, except as provided in this section. This section does not authorize any transfer that will interfere with the object for which a special fund was created or any transfer from the Central Valley Water Project Construction Fund, the Central Valley Water Project Revenue Fund, or the California Water Resources Development Bond Fund.

(b) (1) Interest shall be paid on all moneys transferred to the General Fund from the following funds:

(A) The Department of Food and Agriculture Fund.

(B) The DNA Identification Fund.

(C) The Mental Health Services Fund.

(D) All funds created pursuant to the California Children and Families Act of 1998, enacted by Proposition 10 at the November 3, 1998, statewide general election.

(E) Any funds retained by or in the possession of the California Exposition and State Fair pursuant to this section.

(2) With respect to all other funds, and unless otherwise specified, if the total moneys transferred to the General Fund in any fiscal year from any special fund pursuant to this section exceed an amount equal to 10 percent of the total additions to surplus available for appropriation as shown in the statement of operations of a prior fiscal year as set forth in the most recent published annual report of the Controller, interest shall be paid on the excess. Interest payable under this section shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which transferred.

(c) Notwithstanding any other provision of law, except as described in subdivision (d), all moneys in the State Treasury may be loaned for the purposes described in subdivision (a).

(d) Subdivision (c) shall not apply to any of the following:

(1) The Local Agency Investment Fund.

(2) Funds classified in the State of California Uniform Codes Manual as bond funds or retirement funds.

(3) All or part of the moneys not needed in other funds or accounts for purposes of subdivision (a) where the Controller is prohibited by the California Constitution, bond indenture, or case law from transferring all or any part of those moneys.

SEC. 29. Section 100000 of the Government Code is amended to read: 100000. For purposes of this title, the following definitions shall apply:

(a) “Board” means the California Secure Choice Retirement Savings Investment Board.

(b) “CalSavers Retirement Savings Program” or “program” means a retirement savings program offered by the California Secure Choice Retirement Savings Trust.

(c) (1) “Eligible employee” means a person who is employed by an eligible employer.

(2) “Eligible employee” does not include:

(A) Any employee covered under the federal Railway Labor Act (45 U.S.C. Sec. 151), or any employee engaged in interstate commerce so as not to be subject to the legislative powers of the state, except insofar as application of this title is authorized under the United States Constitution or laws of the United States.

(B) Any employee on whose behalf an employer makes contributions to a Taft-Hartley pension trust fund.

(d) (1) “Eligible employer” means a person or entity engaged in a business, industry, profession, trade, or other enterprise in the state, whether for profit or not for profit, excluding the federal government, the state, any county, any municipal corporation, or any of the state’s units or instrumentalities, that has five or more employees and that satisfies the requirements to establish or participate in a payroll deposit retirement savings arrangement.

(2) Upon a positive determination pursuant to subdivision (a) of Section 100046, eligible employer means an employer of a provider of in-home supportive services, as regulated by Article 7 (commencing with Section 12300) of Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions Code.

(3) “Eligible employer” does not include an employer that provides a retirement savings program as described in subdivision (g) of Section 100032.

(e) “IRA” means an individual retirement account or individual retirement annuity under Section 408(a), 408(b), or 408A of Title 26 of the United States Code.

(f) “myRA” means the federal myRA retirement savings program, including any successor program, offered by the United States Department of the Treasury or an IRA offered under that program.

(g) “Participating employer” means an eligible employer that provides a payroll deposit retirement savings arrangement provided for by this title for eligible employees.

(h) “Payroll deposit retirement savings arrangement” means an arrangement by which an employer allows employees to remit payroll deduction contributions to a retirement savings program, which may include an IRA, and in the case of a payroll deduction IRA arrangement, to remit specifically to an IRA.

(i) “Trust” means the California Secure Choice Retirement Savings Trust established by this title.

(j) “Vendor” means a registered investment company or admitted life insurance company qualified to do business in California that provides retirement investment products. “Vendor” also includes a company that is registered to do business in California that provides payroll services or recordkeeping services and offers retirement plans or payroll deduction IRA arrangements using products of regulated investment companies and insurance companies qualified to do business in California. “Vendor” does not include individual registered representatives, brokers, financial planners, or agents.

SEC. 30. Section 100002 of the Government Code is amended to read:

100002. (a) (1) There is hereby created within state government the California Secure Choice Retirement Savings Investment Board, which shall consist of nine members, with the Treasurer serving as chair, as follows:

(A) The Treasurer.

(B) The Director of Finance, or his or her designee.

(C) The Controller.

(D) An individual with retirement savings and investment expertise appointed by the Senate Committee on Rules.

(E) An employee representative appointed by the Speaker of the Assembly.

(F) A small business representative appointed by the Governor.

(G) A public member appointed by the Governor.

(H) Two additional members appointed by the Governor.

(2) Members of the board appointed by the Governor, the Senate Committee on Rules, and the Speaker of the Assembly shall serve at the pleasure of the appointing authority.

(b) All members of the board shall serve without compensation. Members of the board shall be reimbursed for necessary travel expenses incurred in connection with their board duties.

(c) A board member, program administrator, and other staff of the board shall not do any of the following:

(1) Directly or indirectly have any interest in the making of any investment made for the program, or in the gains or profits accruing from any investment made for the program.

(2) Borrow any funds or deposits of the trust, or use those funds or deposits in any manner, for himself or herself or as an agent or partner of others.

(3) Become an endorser, surety, or obligor on investments by the board.

(d) The board and the program administrator and staff, including contracted administrators and consultants, shall discharge their duties as fiduciaries with respect to the trust solely in the interest of the program participants as follows:

(1) For the exclusive purposes of providing benefits to program participants and defraying reasonable expenses of administering the program.

(2) By investing with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an enterprise of a like character and with like aims.

(e) The board, subject to its authority and fiduciary duty, shall design and implement the CalSavers Retirement Savings Program.

(1) (A) For up to three years following the initial implementation of the program, the board shall establish managed accounts invested in United States Treasuries, myRAs, or similar investments.

(B) The board shall have the authority to provide for investment in myRAs, provided that, in accordance with the myRA provisions, myRA contributions and investment returns shall only be used for myRA investments and to make distributions to, or for the benefit of, participants and shall not be used to pay any costs of administration.

(2) (A) During period described in paragraph (1), the board shall develop and implement an investment policy that defines the program's investment objectives and shall establish policies and procedures enabling investment objectives to be met in a prudent manner. The board shall seek to minimize participant fees and strive to implement program features that provide maximum possible income replacement balanced with appropriate risk in an IRA-based environment. The policy shall describe the investment options available to holders of individual savings accounts established as part of the program. Investment options may encompass a range of risk and return opportunities and allow for a rate of return commensurate with an appropriate level of risk to meet the investment objectives stated in the policy.

(B) The board may also develop investment option recommendations that address risk-sharing and smoothing of market losses and gains. Investment option recommendations may include, but are not limited to, the creation of a reserve fund or the establishment of customized investment products. Implementation of an investment option recommendation pursuant to this subparagraph shall be contingent upon subsequent approval by the Legislature.

(3) After the period described in paragraph (1) has expired, the board shall annually prepare and adopt a written statement of investment policy that includes a risk management and oversight program. The board shall consider the statement of investment policy and any changes in the investment policy at a public hearing.

(4) The risk management and oversight program shall include an effective risk management system to monitor the risk levels of the CalSavers Retirement Savings Program investment portfolio and ensure that the risks taken are prudent and properly managed. The program shall be managed to provide an integrated process for overall risk management on both a consolidated and disaggregated basis, and to monitor investment returns as well as risk to determine if the risks taken are adequately compensated compared to applicable performance benchmarks and standards.

(f) The board shall approve an investment management entity or entities, the costs of which shall be paid out of funds held in the trust and shall not be attributed to the administrative costs of the board in operating the trust. Not later than 30 days after the close of each month, the board shall place on file for public inspection during business hours a report with respect to investments made pursuant to this section and a report of deposits in financial institutions.

SEC. 31. Section 100004 of the Government Code is amended to read:

100004. (a) There is hereby established a retirement savings trust known as the California Secure Choice Retirement Savings Trust to be administered by the board for the purpose of promoting greater retirement savings for California private employees in a convenient, voluntary, low-cost, and portable manner. After sufficient funds are made available for this title to be operative, the California Secure Choice Retirement Savings Trust, as a self-sustaining trust, shall pay all costs of administration only out of moneys on deposit therein.

(b) The board shall segregate moneys received by the California Secure Choice Retirement Savings Trust into two funds, which shall be identified as the program fund and the administrative fund. Notwithstanding Section 13340, moneys in the trust are hereby continuously appropriated, without regard to fiscal years, to the board for the purposes of this title.

(c) Moneys in the program fund may be invested or reinvested by the Treasurer or may be invested in whole or in part under contract with the board of a California public retirement system, with private money managers, or in myRAs, or a combination thereof, as determined by the board.

(d) Transfers may be made from the program fund to the administrative fund for the purpose of paying operating costs associated with administering the trust and as required by this title, including, but not limited to, board operations, program administrator and investment expenses, and enforcement and compliance costs. On and after six years from the date the program is implemented, on an annual basis, expenditures from the administrative fund shall not exceed more than 1 percent of the total program fund. All costs of administration of the trust shall be paid out of the administrative fund.

(e) Any contributions paid by employees and employers into the trust shall be used exclusively for the purpose of paying benefits to the participants of the CalSavers Retirement Savings Program, for the cost of administration of the program, and for investments made for the benefit of the program.

(f) The California Secure Choice Retirement Savings Trust is an instrumentality of the state. Any security issued, managed, or invested by

the California Secure Choice Retirement Savings Investment Board within the California Secure Choice Retirement Savings Trust on behalf of an individual participating within the CalSavers Retirement Savings Program shall be exempt from Sections 25110, 25120, and 25130 of the Corporations Code.

SEC. 32. Section 100008 of the Government Code is amended to read: 100008. The CalSavers Retirement Savings Program shall include, as determined by the board, one or more payroll deduction IRA arrangements.

SEC. 33. Section 100012 of the Government Code is amended to read: 100012. In addition to the powers and authority granted to the board pursuant to Section 100010, the board shall have the power and authority to do the following:

(a) Cause the retirement savings program or arrangements established under the program to be designed, established, and operated, in a manner consistent with all of the following:

- (1) In accordance with best practices for retirement savings vehicles.
- (2) To encourage participation, saving, and sound investment practices, and appropriate selection of default investments.
- (3) With simplicity, ease of administration for participating employers, and portability of benefits.

(b) Arrange for collective, common, and pooled investment of assets of the retirement savings program or arrangements, including investments in conjunction with other funds with which those assets are permitted to be collectively invested, with a view to saving costs through efficiencies and economies of scale.

(c) Disseminate educational information designed to educate participants about the benefits of planning and saving for retirement and information to help them decide the level of CalSavers Retirement Savings Program participation and savings strategies that may be appropriate for them.

(d) Disseminate information concerning tax credits available to small business owners for allowing their employees to participate in the program, and the federal Retirement Savings Contribution Credit (Saver's Credit) available to lower and moderate-income households for qualified savings contributions.

(e) Submit progress and status reports to participating employers and eligible employees.

(f) If necessary, determine the eligibility of an employer, employee, or other individual to participate in the program.

(g) Evaluate and establish the process by which an eligible employee of an eligible employer is able to contribute a portion of his or her salary or wages to the program for automatic deposit of those contributions and the participating employer provides a payroll deposit retirement savings arrangement to forward the employee contribution and related information to the program or its agents. This may include, but is not limited to, financial services companies and third-party administrators with the capability to receive and process employee information and contributions for payroll

deposit retirement savings arrangements or other arrangements authorized by this title.

(h) Design and establish the process for the enrollment of program participants.

(i) Allow participating employers to use the program to remit employees' contributions to their IRAs on their employees' behalf.

(j) Allow participating employers to make their own contributions to their employees' IRAs, provided that the contributions would be permitted under the Internal Revenue Code and would not cause the program to be treated as an employee benefit plan under the federal Employee Retirement Income Security Act.

(k) Evaluate and establish the process by which an individual or an employee of a nonparticipating employer may enroll in and make contributions to the program.

SEC. 34. Section 100014 of the Government Code is amended to read:

100014. (a) Prior to opening the CalSavers Retirement Savings Program for enrollment, the board shall design and disseminate to employers through the Employment Development Department (EDD) an employee information packet that shall be available in an electronic format. The packet shall include background information on the program and appropriate disclosures for employees.

(b) The disclosure form shall include, but not be limited to, all of the following:

(1) The benefits and risks associated with making contributions to the program.

(2) The mechanics of how to make contributions to the program.

(3) How to opt out of the program.

(4) The process for withdrawal of retirement savings.

(5) How to obtain additional information on the program.

(c) In addition, the disclosure form shall clearly articulate the following:

(1) Employees seeking financial advice should contact financial advisors, that employers do not provide financial advice, that employees are not to contact their employers for financial advice, and that employers are not liable for decisions employees make pursuant to Section 100034.

(2) This retirement program is not sponsored by the employer, and therefore the employer is not responsible for the plan or liable as a plan sponsor.

(3) The program fund is not guaranteed by the State of California.

(d) The disclosure form shall include a method for the employee to acknowledge that the employee has read all of the disclosures and understands their content.

(e) The employee information packet shall also include an opt-out form for an eligible employee to note his or her decision to opt out of participation in the program. The opt-out notation shall be simple and concise and drafted in a manner that the board deems necessary to appropriately evidence the employee's understanding that he or she is choosing not to automatically deduct earnings to save for retirement.

(f) The employee information packet with the disclosure and opt-out forms shall be made available to employers through EDD and supplied to employees at the time of hiring. All new employees shall review the packet and acknowledge having received it.

(g) The employee information packet with the disclosure and opt-out forms shall be supplied to existing employees when the program is initially launched for that participating employer pursuant to Section 100032.

SEC. 35. Section 100016 of the Government Code is amended to read:

100016. (a) Prior to opening the CalSavers Retirement Savings Program for enrollment, if there is sufficient interest by vendors to participate and provide the necessary funding, the board shall establish both of the following:

(1) A Retirement Investments Clearinghouse on its Internet Web site.

(2) A vendor registration process through which information about employer-sponsored retirement plans, and payroll deduction IRAs offered by private sector providers is made available for consideration by eligible employers.

(b) Vendors that would like to participate in the board's Retirement Investments Clearinghouse and be listed on the board's Internet Web site as a registered vendor shall provide all of the following information:

(1) A statement of experience in California and in other states in providing employer-sponsored retirement plans, and payroll deduction IRAs.

(2) A description by the vendor of the types of retirement investment products offered.

(3) A disclosure of all expenses paid directly or indirectly by retirement plan participants, including, but not limited to, penalties for early withdrawals, declining or fixed withdrawal charges, surrender or deposit charges, management fees, and annual fees, supported by documentation as required for prospectus disclosure by the National Association of Securities Dealers and the Securities and Exchange Commission. Vendors shall be required to provide information regarding the impact of product fees upon a hypothetical investment, as described in Section 100022.

(4) The types of products, product features, services offered to participants, and information about how to access product prospectuses or other relevant product information.

(5) A discussion of the ability, experience, and commitment of the vendor to provide retirement counseling and education services, including, but not limited to, access to group meetings and individual counseling by various means, including telephone and telecommunications devices for the deaf (TDD), Internet, and face-to-face consultations by registered representatives.

(6) A statement of the financial strength of the vendor by identifying its ratings assigned by nationally recognized rating services that evaluate the financial strength of similar companies.

(7) The location of offices and counselors, individual registered representatives, brokers, financial planners, agents, or other methods of distribution, of the vendor that would serve employers and their employees in California.

(8) A description of the ability of the vendor to comply with all applicable provisions of federal and state law governing retirement plans, including minimum distribution requirements and contribution limits.

(9) To the extent applicable, the demonstrated ability of the vendor to offer an appropriate array of accumulation funding options, including, but not limited to, investment options that offer guaranteed returns on contributions and the conversion of retirement savings account balances to secure retirement income, a diversified mix of value, growth, growth and income, hybrid, and index funds or accounts across large, medium, and small capitalization asset classes, both domestic and international.

(10) A discussion of the range of administrative and customer services provided, including asset allocation, accounting and administration of benefits for individual participants, recordkeeping for individual participants, asset purchase, control, and safekeeping, execution of a participant's instructions as to asset and contribution allocation, calculation of daily net asset values, direct access for participants to their account information, periodic reporting that is not less than quarterly to active participants on their account balances and transactions, and compliance with the standard of care consistent with federal law and applicable to the provision of investment services.

(11) Certification by the vendor that the information provided to the board accurately reflects the provisions of the retirement investment products it registers.

(c) Vendors shall supply information and data in the format prescribed by the board.

SEC. 36. Section 100032 of the Government Code is amended to read:

100032. (a) After the board opens the CalSavers Retirement Savings Program for enrollment, any employer may choose to have a payroll deposit retirement savings arrangement to allow employee participation in the program under the terms and conditions prescribed by the board.

(b) Within 12 months after the board opens the program for enrollment, eligible employers with more than 100 eligible employees and that do not offer a retirement savings program pursuant to subdivision (g) shall have a payroll deposit retirement savings arrangement to allow employee participation in the program.

(c) Within 24 months after the board opens the program for enrollment, eligible employers with more than 50 eligible employees and that do not offer a retirement savings program pursuant to subdivision (g) shall have a payroll deposit retirement savings arrangement to allow employee participation in the program.

(d) Within 36 months after the board opens the program for enrollment, all other eligible employers that do not offer a retirement savings program pursuant to subdivision (g) shall have a payroll deposit retirement savings arrangement to allow employee participation in the program.

(e) The board, in its discretion, may extend the time limits defined in subdivisions (b) to (d), inclusive.

(f) (1) Each eligible employee shall be enrolled in the program unless the employee elects not to participate in the program. An eligible employee may elect to opt out of the program by making a notation on the opt-out form.

(2) Following initial implementation of the program pursuant to this section, at least once every two years, the board shall designate an open enrollment period during which eligible employees that previously opted out of the program shall be given the employee information packet with the disclosure and opt-out forms, for the employee to enroll in the program or opt out of the program by making a notation on the opt-out form.

(3) An employee who elects to opt out of the program who subsequently wants to participate through the employer's payroll deposit retirement savings arrangement may only enroll during the board's designated open enrollment period or if permitted at an earlier time.

(g) (1) An employer that provides an employer-sponsored retirement plan, such as a defined benefit plan or a 401(k), Simplified Employee Pension (SEP) plan, or Savings Incentive Match Plan for Employees (SIMPLE) plan, or that offers an automatic enrollment payroll deduction IRA, shall be exempt from the requirements of the CalSavers Retirement Savings Program, if the plan or IRA qualifies for favorable federal income tax treatment under the federal Internal Revenue Code.

(2) An employer shall retain the option at all times to set up and offer a tax-qualified retirement plan, as described in paragraph (1), instead of having a payroll deposit retirement savings arrangement to allow employee participation in the CalSavers Retirement Savings Program.

(h) An eligible employee may also terminate his or her participation in the program at any time in a manner prescribed by the board and thereafter by making a notation on the opt-out form.

(i) Unless otherwise specified by the employee, a participating employee shall contribute 3 percent of the employee's annual salary or wages to the program.

(j) By regulation, the board may adjust the contribution amount set in subdivision (i) to no less than 2 percent and no more than 5 percent and may vary that amount within that 2 percent to 5 percent range for participating employees according to the length of time the employee has contributed to the program.

(k) The board may implement annual automatic escalation of employee contributions.

(1) Employee contributions subject to automatic escalation shall not exceed 8 percent of salary.

(2) Automatic escalation shall result in no more than a 1-percent-of-salary increase in employee contributions per calendar year.

(3) A participating employee may elect to opt out of automatic escalation and may set his or her contribution percentage rate at a level determined by the participating employee.

SEC. 37. Section 100034 of the Government Code is amended to read:

100034. (a) Employers shall not have any liability for an employee's decision to participate in, or opt out of, the CalSavers Retirement Savings Program, or for the investment decisions of employees whose assets are deposited in the program.

(b) Employers shall not be a fiduciary, or considered to be a fiduciary, over the California Secure Choice Retirement Savings Trust or the program. The program is a state-administered program, not an employer-sponsored program. If the program is subsequently found to be preempted by any federal law or regulation, employers shall not be liable as plan sponsors. An employer shall not bear responsibility for the administration, investment, or investment performance of the program. An employer shall not be liable with regard to investment returns, program design, and benefits paid to program participants.

(c) An employer's voluntary contribution under subdivision (j) of Section 100012 shall not in any way contradict the provisions of this section or change the employer's relationship to the program or an employer's obligations to employees.

(d) An employer shall not have civil liability, and no cause of action shall arise against an employer, for acting pursuant to the regulations prescribed by the board defining the roles and responsibilities of employers that have a payroll deposit retirement savings arrangement to allow employee participation in the program.

SEC. 38. Section 100046 of the Government Code is amended to read:

100046. The CalSavers Retirement Savings Program is approved by the Legislature and implemented as of January 1, 2017. The board shall consider and utilize the following parameters in designing the program:

(a) The board shall include a provider of in-home supportive services, as regulated by Article 7 (commencing with Section 12300) of Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions Code in the program if the board determines, and the Director of the State Department of Social Services and the Director of the Department of Finance certify, in writing, all of the following:

(1) The inclusion meets all state and federal legal requirements.

(2) The appropriate employer of record has been identified for the purpose of satisfying all the program's employer requirements.

(3) The payroll deduction, described in Section 12302.2 of the Welfare and Institutions Code, can be implemented at reasonable costs.

(4) The inclusion does not create a financial liability for the state or employer of record.

(b) The board shall structure the program so as to ensure the state is prohibited from incurring liabilities associated with administering the program and that the state has no liability for the program or its investments.

(c) The board shall determine necessary costs associated with outreach, customer service, enforcement, staffing and consultant costs, and all other costs necessary to administer the program.

(d) The board shall consult with employer representatives to create an administrative structure that facilitates employee participation while

addressing employer needs, including, but not limited to, clearly defining employers' duties and liability exemption pursuant to Section 100034.

(e) The board shall include comprehensive worker education and outreach in the program, and the board may collaborate with state and local government agencies, community-based and nonprofit organizations, foundations, vendors, and other entities deemed appropriate to develop and secure ongoing resources for education and outreach that reflect the cultures and languages of the state's diverse workforce population.

(f) The board shall include comprehensive employer education and outreach in the program, with an emphasis on employers with less than 100 employees, developed in consultation with employer representatives, with the integration of the following components:

- (1) A program Internet Web site to assist the employers of participating employees.
- (2) A toll-free help line for employers with live and automated assistance.
- (3) Online Internet Web training.
- (4) Live presentations to business associations.
- (5) Targeted outreach to small businesses with 10 or less employees.

SEC. 39. Section 100049 of the Government Code is amended to read: 100049. A payroll deposit IRA arrangement offered pursuant to the CalSavers Retirement Savings Program shall have the same status as, and be treated consistently with, any other IRA for the purpose of determining eligibility or benefit level for a program that uses a means test.

SEC. 40. Section 50406.8 is added to the Health and Safety Code, to read:

50406.8. Notwithstanding any other law, the department may expend any funds it is authorized to set aside for curing or averting potential defaults for the purposes of curing or averting defaults on any deferred interest loan issued by the department for rental housing development.

SEC. 41. Section 50675.10 of the Health and Safety Code is amended to read:

50675.10. (a) The department may designate an amount not to exceed 1.5 percent of funds appropriated for use pursuant to this chapter for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted pursuant to this chapter. The funds so designated shall be known as the "default reserve."

(b) The department may use default reserve funds made available pursuant to this section to repair or maintain any rental housing development assisted pursuant to this chapter that was acquired to protect the department's security interest.

(c) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes

of curing or averting a default shall be added to the loan amount secured by the rental housing development and shall be payable to the department upon demand.

SEC. 42. Section 53561 of the Health and Safety Code is amended to read:

53561. (a) There is hereby created in the State Treasury the Transit-Oriented Development Implementation Fund.

(b) All interest, dividends, and pecuniary gains from investments or deposits of moneys in the fund shall accrue to the fund, notwithstanding Section 16305.7 of the Government Code. There shall be paid into the fund both of the following:

(1) Any moneys appropriated and made available by the Legislature for the purposes of the fund.

(2) Any other moneys that may be made available to the department for the purposes of this part from any other source.

SEC. 43. Section 53566 is added to the Health and Safety Code, to read:

53566. (a) For any loans issued pursuant to this part, principal and accumulated interest is due and payable upon completion of the term of the loan. The loan shall bear simple interest at the rate of 3 percent per annum on the unpaid principal balance. The department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring. For the first 30 years of the loan term, the amount of the required loan payments shall not exceed 0.42 percent per annum.

(b) All moneys received by the department in repayment of loans made pursuant to this part, including interest and payments in advance in lieu of future interest, shall be deposited in the Housing Rehabilitation Loan Fund established by Section 50661, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except as otherwise provided in this section.

(c) The department may designate an amount not to exceed 1.5 percent of funds appropriated for use pursuant to this section for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted pursuant to this part. The funds so designated shall be known as the "default reserve."

(d) The department may use default reserve funds made available pursuant to this section to repair or maintain any rental housing development assisted pursuant to this part that was acquired to protect the department's security interest.

(e) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to the loan amount secured

by the rental housing development and shall be payable to the department upon demand.

(f) All moneys set aside for the default reserve by the department pursuant to this section shall be deposited in the Transit-Oriented Development Implementation Fund established by Section 53561, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the default reserve set forth above in this section.

SEC. 44. Section 12905 of the Insurance Code is amended to read:

12905. The commissioner shall maintain offices in Sacramento, Los Angeles, San Diego, and the San Francisco Bay area.

SEC. 45. Section 987.010 is added to the Military and Veterans Code, immediately following Section 987.009, to read:

987.010. (a) For any loans issued pursuant to this article, principal and accumulated interest is due and payable upon completion of the term of the loan. The loan shall bear simple interest at the rate of 3 percent per annum on the unpaid principal balance. The department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring. For the first 30 years of the loan term, the amount of the required loan payments shall not exceed 0.42 percent per annum.

(b) All moneys received by the department in repayment of loans made pursuant to this article, including interest and payments in advance in lieu of future interest, shall be deposited in the Housing Rehabilitation Loan Fund established by Section 50661 of the Health and Safety Code, and notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code), except as otherwise provided in this section.

(c) The department may designate an amount not to exceed 1.5 percent of funds appropriated for use pursuant to subdivision (b) for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted pursuant to this article. The funds so designated shall be known as the "default reserve."

(d) The department may use default reserve funds made available pursuant to this section to repair or maintain any rental housing development assisted pursuant to this article that was acquired to protect the department's security interest.

(e) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to the loan amount secured by the rental housing development and shall be payable to the department upon demand.

(f) All moneys set aside for the default reserve by the department pursuant to this section shall be deposited in the Housing for Veterans Fund established by Section 998.544, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the default reserve set forth above in this section.

(g) For the purposes of this section, “department” means the Department of Housing and Community Development.

SEC. 46. Section 3502 of the Public Contract Code is amended to read:

3502. (a) By January 1, 2021, the department shall establish, and publish in the State Contracting Manual or a department management memorandum, or make available on the department’s Internet Web Site, a maximum acceptable global warming potential for each category of eligible materials in accordance with both of the following requirements:

(1) The department shall set the maximum acceptable global warming potential at the industry average of facility-specific global warming potential emissions for that material with a phase-in period of not more than two years. The department shall determine the industry average by consulting recognized databases of environmental product declarations. When determining the industry averages pursuant to this paragraph, the department should include all stages of manufacturing required by the relevant product category rule. However, when setting the initial industry average, the department may exclude emissions that occur during fabrication stages, and make reasonable judgments aligned with the product category rule.

(2) The department shall express the maximum acceptable global warming potential as a number that states the maximum acceptable facility-specific global warming potential for each category of eligible materials. The department may set different maximums for different products within each category and, when more than one set of product category rules exists for a category or set of products, may set a different maximum for each set of product category rules. The global warming potential shall be provided in a manner that is consistent with criteria in an Environmental Product Declaration.

(b) The department, by January 1, 2021, shall submit a report to the Legislature that describes the method that the department used to develop the maximum global warming potential for each category of eligible materials pursuant to subdivision (a). The report required by this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

(c) By January 1, 2024, and every three years thereafter, the department shall review the maximum acceptable global warming potential for each category of eligible materials established pursuant to subdivision (a), and may adjust that number downward for any eligible material to reflect industry improvements if the department, based on the process described in paragraph (1) of subdivision (a), determines that the industry average has changed, but the department shall not adjust that number upward for any eligible material. At that time, the department shall update the State Contracting

Manual, department management memorandum, or information available on the department's Internet Web Site, to reflect that adjustment.

SEC. 47. Section 3503 of the Public Contract Code is amended to read:

3503. (a) An awarding authority shall require the successful bidder for a contract described in subdivision (b) to submit a current facility-specific Environmental Product Declaration, Type III, as defined by the International Organization for Standardization (ISO) standard 14025, or similarly robust life cycle assessment methods that have uniform standards in data collection consistent with ISO standard 14025, industry acceptance, and integrity, for each eligible material proposed to be used.

(b) An awarding authority shall include in a specification for bids for an eligible project that the facility-specific global warming potential for any eligible material does not exceed the maximum acceptable global warming potential for that material determined pursuant to Section 3502. An awarding authority may include in a specification for bids for an eligible project a facility-specific global warming potential for any eligible material that is lower than the maximum acceptable global warming potential for that material determined pursuant to Section 3502.

(c) A successful bidder for a contract described in subdivision (b) shall not install any eligible materials on the project until that bidder submits a facility-specific Environmental Product Declaration for that material pursuant to subdivision (a).

(d) This section shall only apply to a contract entered into on or after July 1, 2021.

(e) This section shall not apply to an eligible material for a particular contract if the awarding authority determines, upon written justification published on its Internet Web site, that requiring those eligible materials to comply would be technically infeasible, would result in a significant increase in the project cost or a significant delay in completion, or would result in only one source or manufacturer being able to provide the type of material needed by the state.

(f) This section shall not apply if the awarding authority determines that an emergency exists, as defined in Section 1102, or that any of the circumstances described in subdivisions (a) to (d), inclusive, of Section 10122 exist.

SEC. 48. Section 3503.5 is added to the Public Contract Code, to read:

3503.5. (a) On and after January 1, 2019, and until January 1, 2020, an awarding authority shall request that the successful bidder for a contract described in subdivision (b) of Section 3503 submit a current facility-specific Environmental Product Declaration, as described in subdivision (a) of Section 3503.

(b) This section shall remain in effect only until January 1, 2020, and as of that date is repealed.

SEC. 49. Section 3503.7 is added to the Public Contract Code, to read:

3503.7. (a) On and after January 1, 2020, and until January 1, 2021, an awarding authority shall require that the successful bidder for a contract described in subdivision (b) of Section 3503 submit a current facility-specific

Environmental Product Declaration, as described in subdivision (a) of Section 3503.

(b) This section shall remain in effect only until January 1, 2021, and as of that date is repealed.

SEC. 50. Section 12100 of the Public Contract Code is amended to read:

12100. (a) The Legislature finds that the unique aspects of information technology goods and services and their importance to state programs warrant a separate body of governing statutes. The Legislature further finds that this separate body of governing statutes should enable the timely acquisition of information technology goods and services to meet the state's needs in the most value-effective manner.

(b) (1) All contracts for the acquisition of information technology goods and services related to information technology projects defined in Chapter 4800 of the State Administrative Manual shall be made by or under the supervision of the Department of Technology consistent with this chapter.

(2) The Department of Technology shall have the authority necessary for the acquisition of information technology goods and services related to information technology projects as prescribed in this chapter.

(c) The Department of Technology shall have the final authority in the determination of information technology procurement policy.

(d) The Department of Technology shall have the final authority in the determination of information technology procurement procedures applicable to acquisitions subject to subdivision (b) and telecommunications procurements made pursuant to Section 12120.

(e) The Department of Technology shall have the final authority in the determination of procurement policy in telecommunications procurements made pursuant to Section 12120.

(f) Except as expressly provided in subdivision (b), all contracts for the acquisition of information technology goods or services, whether by lease or purchase, shall be made by or under the supervision of the Department of General Services.

(g) Except as expressly provided in subdivision (d), the Department of General Services shall have the final authority in the determination of information technology procurement procedures. This includes, but is not limited to, the following:

(1) Acquisitions delegated by the Department of General Services pursuant to paragraph (1) of subdivision (e) of Section 12102.2, if the Department of Technology has also delegated project authority pursuant to subdivision (b) of Section 11546 of the Government Code.

(2) Acquisitions of information technology goods or services relating to information technology projects delegated by the Department of Technology under subdivision (b) of Section 11546 of the Government Code, but not delegated by the Department of General Services under paragraph (1) of subdivision (e) of Section 12102.2.

(3) If the Department of Technology has not delegated project authority pursuant to subdivision (b) of Section 11546 of the Government Code, but the Department of General Services has delegated acquisition authority

pursuant to paragraph (1) of subdivision (e) of Section 12102.2 and the Department of Technology has authorized the state agency to conduct the acquisition.

SEC. 51. Section 12102.2 of the Public Contract Code is amended to read:

12102.2. (a) Contract awards for all large-scale systems integration projects shall be based on the proposal that provides the most value-effective solution to the state's requirements, as determined by the evaluation criteria contained in the solicitation document. Evaluation criteria for the acquisition of information technology goods and services, including systems integration, shall provide for the selection of a contractor on an objective basis not limited to cost alone.

(1) The Department of Technology shall invite active participation, review, advice, comment, and assistance from the private sector and state agencies in developing procedures to streamline and to make the acquisition process more efficient, including, but not limited to, consideration of comprehensive statements in the request for proposals of the business needs and governmental functions, access to studies, planning documents, feasibility study reports and draft requests for proposals applicable to solicitations, minimizing the time and cost of the proposal submittal and selection process, and development of a procedure for submission and evaluation of a single proposal rather than multiple proposals.

(2) Solicitations for acquisitions based on evaluation criteria other than cost alone shall provide that sealed cost proposals shall be submitted and that they shall be opened at a time and place designated in the solicitation for bids and proposals. Evaluation of all criteria, other than cost, shall be completed prior to the time designated for public opening of cost proposals, and the results of the completed evaluation shall be published immediately before the opening of cost proposals. The state's contact person for administration of the solicitation shall be identified in the solicitation for bids and proposals, and that person shall execute a certificate under penalty of perjury, which shall be made a permanent part of the official contract file, that all cost proposals received by the state have been maintained sealed and under lock and key until the time cost proposals are opened.

(b) The acquisition of hardware acquired independently of a system integration project may be made on the basis of lowest cost meeting all other specifications.

(c) The 5 percent small business preference provided for in Chapter 6.5 (commencing with Section 14835) of Part 5.5 of Division 3 of Title 2 of the Government Code and the regulations implementing that chapter shall be accorded to all qualifying small businesses.

(d) For all transactions formally advertised, evaluation of bidders' proposals for the purpose of determining contract award for information technology goods shall provide for consideration of a bidder's best financing alternatives, including lease or purchase alternatives, if any bidder so requests, not less than 30 days prior to the date of final bid submission, unless the acquiring agency can prove to the satisfaction of the Department

of General Services that a particular financing alternative should not be so considered.

(e) Notwithstanding Section 12100:

(1) Acquisition authority may be delegated by the Director of General Services, in consultation with the Department of Technology, to any state agency that has been determined to be capable of effective use of that authority. This authority may be limited by the Department of General Services. A state agency shall not conduct an acquisition for information technology goods and services related to an information technology project under delegated acquisition authority pursuant to this section unless the Department of Technology has done one of the following:

(A) Delegated project authority to that state agency pursuant to Section 11546 of the Government Code.

(B) Authorized the state agency to conduct the acquisition.

(2) Acquisitions conducted under delegated acquisition authority shall be reviewed by the Department of General Services on a selective basis.

(f) To the extent practical, the solicitation documents shall provide for a contract to be written to enable acquisition of additional items to avoid essentially redundant acquisition processes when it can be determined that it is economical to do so.

(g) Protest procedures shall be developed to provide bidders an opportunity to protest any formal, competitive acquisition conducted in accordance with this chapter. The procedures shall provide that protests must be filed no later than five working days after the issuance of an intent to award. Authority to protest may be limited to participating bidders. The Director of Technology, or a person designated by the director, may consider and decide on initial protests of bids for information technology projects conducted by the Department of Technology and telecommunications procurement made pursuant to Section 12120. The Director of General Services, or a person designated by the director, may consider and decide on initial protests of all other information technology acquisitions. A decision regarding an initial protest shall be final. If prior to the last day to protest, any bidder who has submitted an offer files a protest with the department against the awarding of the contract on the ground that his or her bid or proposal should have been selected in accordance with the selection criteria in the solicitation document, the contract shall not be awarded until either the protest has been withdrawn or the Department of General Services has made a final decision as to the action to be taken relating to the protest. Within 10 calendar days after filing a protest, the protesting bidder shall file with the Department of General Services a full and complete written statement specifying in detail the grounds of the protest and the facts in support thereof.

(h) Consistent with the procedures established and administered by the Department of General Services, information technology goods that have been determined to be surplus to state needs shall be disposed of in a manner that will best serve the interests of the state. Procedures governing the

disposal of surplus goods may include auction or transfer to local governmental entities.

(i) A supplier may be excluded from bid processes if the supplier's performance with respect to a previously awarded contract has been unsatisfactory, as determined by the state in accordance with established procedures that shall be maintained in the State Administrative Manual. This exclusion shall not exceed 36 months for any one determination of unsatisfactory performance. Any supplier excluded in accordance with this section shall be reinstated as a qualified supplier at any time during this 36-month period, upon demonstrating to the Department of General Services' satisfaction that the problems that resulted in the supplier's exclusion have been corrected.

SEC. 52. Section 75218 is added to the Public Resources Code, to read:

75218. (a) For any loans issued pursuant to this chapter, principal and accumulated interest is due and payable upon completion of the term of the loan. The loan shall bear simple interest at the rate of 3 percent per annum on the unpaid principal balance. The department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring. For the first 30 years of the loan term, the amount of the required loan payments shall not exceed 0.42 percent per annum.

(b) All moneys received by the department in repayment of loans made pursuant to this chapter, including interest and payments in advance in lieu of future interest, shall be deposited in the Housing Rehabilitation Loan Fund established by Section 50661 of the Health and Safety Code, and notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code), except as otherwise provided in this section.

(c) The department may designate an amount not to exceed 1.5 percent of funds appropriated for use pursuant to this section for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted pursuant to this chapter. The funds so designated shall be known as the "default reserve."

(d) The department may use default reserve funds made available pursuant to this section to repair or maintain any rental housing development assisted pursuant to this chapter that was acquired to protect the department's security interest.

(e) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to the loan amount secured by the rental housing development and shall be payable to the department upon demand.

(f) All moneys set aside for the default reserve by the department pursuant to this section shall be deposited in the Housing Rehabilitation Loan Fund established by Section 50661 of the Health and Safety Code, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the default reserve set forth above in this section.

(g) For the purposes of this section, “department” means the Department of Housing and Community Development.

SEC. 53. Section 95.50 is added to the Revenue and Taxation Code, to read:

95.50. (a) The Legislature finds and declares that the state and local governments benefit when county assessors are able to fairly, accurately, and expeditiously assess property for property tax purposes. It is the intent of the Legislature in enacting this section to assist county assessors in performing property assessments.

(b) For the 2018–19 fiscal year to the 2020–21 fiscal year, inclusive, there is hereby created the State Supplementation for County Assessors Program, hereinafter referred to as the “Program” in this section, to be administered by the Department of Finance, hereinafter referred to as the “department” in this section.

(1) Program funding shall be subject to appropriation in the annual Budget Act.

(2) (A) In each fiscal year in which it receives program funds, a participating county assessor’s office shall match the Program funds apportioned to that county assessor’s office, at the rate of one dollar (\$1) for every two dollars (\$2) in Program funds that the county assessor’s office receives in Program funds.

(B) If a county assessor’s office authorized to participate in the Program pursuant to subdivision (f) fails to provide matching funds as required by this paragraph, the county assessor’s office shall, within 30 days of an order by the department to do so, return to the State Controller’s office all Program funds it received in the fiscal year during which it did not provide matching funds.

(3) Program funds provided to participating county assessors shall be used to supplement, and not supplant, existing funding and staffing levels.

(c) All counties shall be eligible to apply to participate in the Program. The department shall annually apportion to an individual county no more than 15 percent of the amount appropriated for the Program in the Budget Act for the relevant fiscal year.

(d) County assessors’ offices shall use Program funds only for the following purposes:

(1) The payment of salaries and benefits to the county assessor’s office staff for the following activities:

(A) Assessing and enrolling newly constructed real property.

(B) Reassessing real property that has changed ownership.

(C) Processing supplemental assessments for real property that has changed ownership.

(D) Reassessing existing real property that has been modified in a way that changes its current assessed value.

(E) Reassessing real and personal property that has escaped assessment, as provided in Article 4 (commencing with Section 531) of Chapter 3 of Part 2.

(F) Reassessing to current market value those real properties for which the county assessor previously reduced the assessed valuation pursuant to subdivision (b) of Section 2 of Article XIII A of the California Constitution.

(G) Discovering unassessed real and personal property.

(H) Responding to real property assessment appeals pursuant to Part 3 (commencing with Section 1601).

(I) Conducting property tax audits pursuant to Sections 469 and 470.

(2) Procuring office space for staff hired pursuant to paragraph (1).

(3) Procuring office supplies and related items for staff hired pursuant to paragraph (1).

(4) Procuring information technology systems and software to assist with the activities specified in subparagraphs (A) to (G), inclusive, of paragraph (1) by increasing efficiencies and effectiveness of property tax administration, and allowing for appropriate utilization of Program funds.

(e) County assessors' offices that elect to apply to participate in the Program shall do all of the following on or before September 1, 2018:

(1) Transmit to the department a resolution of the county board of supervisors that states that the county agrees to provide the county assessor's office with matching funds as specified in paragraph (2) of subdivision (b).

(2) Submit to the department an application, in the form and manner specified by the department. The department may reject applications not received by September 1, 2018. At a minimum, the application shall include the following:

(A) The number of budgeted, permanent positions in the 2017–18 fiscal year, as the county assessor will report that number to the State Board of Equalization for purposes of the publication titled "A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices," hereinafter referred to as the "report" in this section.

(B) The additional staff the county assessor will fund using Program funds or matching county funds, or both Program funds and matching county funds.

(C) The total assessed value of county-assessed property in the 2017–18 fiscal year.

(D) The estimated value that the staff identified in subparagraph (B) will add to the county property tax roll by assessing and enrolling newly constructed property in each fiscal year that the Program is authorized to operate, including the following:

(i) The number of new construction assessments completed in the 2017–18 fiscal year, as the assessor will report that number to the State Board of Equalization for purposes of the report, and the number of those assessments that the assessor expects to complete in each fiscal year that the Program is authorized to operate.

(ii) The dollar value added to the county property tax roll in the 2017–18 fiscal year by assessing and enrolling the newly constructed property.

(E) The estimated value that the staff identified in subparagraph (B) will add to the county property tax roll by reassessing real property that has changed ownership. This information shall be provided for each fiscal year that the Program is authorized to operate and shall include the following:

(i) The number of real property change in ownership assessments completed in the 2017–18 fiscal year, and the number of those assessments that the assessor expects to complete in each fiscal year that the Program is authorized to operate.

(ii) The dollar value added to the county property tax roll in the 2017–18 fiscal year through the assessment of real property that has changed ownership.

(F) The estimated value that the staff identified in subparagraph (B) will add to the county property tax roll by processing real property supplemental assessments. This information shall be provided for each fiscal year that the Program is authorized to operate and shall include the following:

(i) The number of real property supplemental assessments completed in the 2017–18 fiscal year, and the number of those assessments that the assessor expects to complete in each fiscal year that the Program is authorized to operate.

(ii) The dollar value added to the county property tax roll in the 2017–18 fiscal year through real property supplemental assessments.

(G) The estimated value that the staff identified in subparagraph (B) will add to the county property tax roll by reassessing modified existing real property. This information shall be provided for each of the three fiscal years that the Program is authorized to operate and shall include the following:

(i) The number of modified existing real property reassessments completed in the 2017–18 fiscal year, and the number of those reassessments that the assessor expects to complete in each fiscal year that the Program is authorized to operate.

(ii) The dollar value added to the county property tax roll in the 2017–18 fiscal year by reassessing modified existing real property.

(H) The estimated value that the staff identified in subparagraph (B) will add to the county property tax roll by assessing real and personal property that has escaped assessment. This information shall be provided for each fiscal year that the Program is authorized to operate and shall include the following:

(i) The number of assessments of real and personal property that had previously escaped assessment completed in the 2017–18 fiscal year, and the number of those assessments that the assessor expects to complete in each fiscal year that the Program is authorized to operate.

(ii) The dollar value added to the county property tax roll in the 2017–18 fiscal year through the assessment of real and personal property that had previously escaped assessment.

(I) The estimated value that the staff identified in subparagraph (B) will add to the county property tax roll by reassessing to current market value real property for which the county assessor previously reduced the assessed valuation pursuant to subdivision (b) of Section 2 of Article XIII A of the California Constitution. This information shall be provided for each fiscal year that the Program is authorized to operate and shall include the following:

(i) The number of reassessments to current market value of those real properties for which the county assessor previously reduced the assessed valuation pursuant to subdivision (b) of Section 2 of Article XIII A of the California Constitution completed in the 2017–18 fiscal year, and the number of those reassessments that the assessor expects to complete in each fiscal year that the Program is authorized to operate.

(ii) The dollar value added to the county property tax roll in the 2017–18 fiscal year by reassessing to current market value those real properties for which the county assessor previously reduced the assessed valuation pursuant to subdivision (b) of Section 2 of Article XIII A of the California Constitution.

(J) The estimated value that the staff identified in subparagraph (B) will add to the county property tax roll by discovering unassessed real and personal property. This information shall be provided for each fiscal year that the Program is authorized to operate and shall include the following:

(i) The number of unassessed real and personal properties discovered in the 2017–18 fiscal year, and the number of those properties that the assessor expects to discover in each fiscal year that the Program is authorized to operate.

(ii) The dollar value added to the county property tax roll in the 2017–18 fiscal year by discovering unassessed real and personal properties.

(K) The estimated number of assessment appeals that the staff identified in subparagraph (B) will resolve in accordance with subparagraph (H) of paragraph (1) of subdivision (d). This information shall be provided for each fiscal year that the Program is authorized to operate and shall include the following:

(i) The number of assessment appeals resolved by the county assessor's office in the 2017–18 fiscal year, as that number will be reported to the State Board of Equalization for purposes of the report.

(ii) The dollar value retained on the property tax roll by the county assessor's office staff in the 2017–18 fiscal year by resolving assessment appeals.

(iii) The dollar value that the county assessor's office expects to retain on the property tax roll by resolving assessment appeals in each fiscal year that the Program is authorized to operate.

(L) The estimated value that the staff identified in subparagraph (B) will add to the county property tax roll by performing property tax audits pursuant to Sections 469 and 470. This information shall be provided for each fiscal year that the Program is authorized to operate and shall include the following:

(i) The number of property tax audits completed pursuant to Sections 469 and 470 in the 2017–18 fiscal year, and the number of those audits that

the assessor expects to complete in each fiscal year that the Program is authorized to operate.

(ii) The dollar value added to the county property tax roll in the 2017–18 fiscal year by conducting property tax audits pursuant to Sections 469 and 470.

(M) The number of assessment tasks specified in subparagraphs (D) to (J), inclusive, that will be completed with Program-funded information technology systems and software in each fiscal year that the Program is authorized to operate and the dollar value that will be added to the property tax roll in each fiscal year as a result.

(N) The amount of Program funds and county matching funds that the county assessor proposes to expend for the purposes identified in paragraphs (2) and (3) of subdivision (d).

(f) The department shall review the applications submitted pursuant to subdivision (e), select the Program participants, and notify the participants of their selection no later than October 1, 2018. No later than October 10, 2018, and each subsequent September 1 in fiscal years for which the annual Budget Act appropriates funds for the Program, the department shall instruct the office of the State Controller to remit the appropriate sum to each participating county.

(g) No later than August 10, 2019, and each subsequent August 10 in fiscal years for which the Program is authorized to operate, each participating county assessor's office shall report the following information to the Department of Finance in the form and manner specified by the Department of Finance:

(1) The matching funds provided by the county in the fiscal year.

(2) The number of staff employed by the county assessor's office in the preceding fiscal year.

(3) The number of staff identified pursuant to paragraph (2) whose positions were fully funded using Program funds or county matching funds, or both Program funds and county matching funds.

(4) The total value of county-assessed property in the preceding fiscal year.

(5) (A) The number of newly constructed properties assessed and enrolled in the preceding fiscal year as that number will be reported to the State Board of Equalization for purposes of the report and the dollar value added to the property tax roll.

(B) The number of assessments specified in this paragraph that were performed by the staff identified pursuant to paragraph (3) and the dollar value added to the property tax roll.

(6) (A) The number of reassessments performed for real property that changed ownership in the preceding fiscal year and the dollar value added to the property tax roll.

(B) The number of reassessments specified in this paragraph that were performed by the staff identified pursuant to paragraph (3) and the dollar value added to the property tax roll.

(7) (A) The number of supplemental assessments performed in the preceding fiscal year and the dollar value added to the property tax roll.

(B) The number of supplemental assessments specified in this paragraph that were performed by the staff identified pursuant to paragraph (3) and the dollar value added to the property tax roll.

(8) (A) The number of reassessments performed in the preceding fiscal year for existing modified real property and the dollar value added to the property tax roll.

(B) The number of reassessments specified in this paragraph that were performed by the staff identified pursuant to paragraph (3) and the dollar value added to the property tax roll.

(9) (A) The number of assessments performed in the preceding fiscal year for real and personal property that had previously escaped assessment and the dollar value added to the property tax roll.

(B) The number of assessments specified in this paragraph that were performed by the staff identified pursuant to paragraph (3) and the dollar value added to the property tax roll.

(10) (A) The number of properties reassessed to current market value subsequent to the county assessor having previously reduced their assessed valuations pursuant to subdivision (b) of Section 2 of Article XIII A of the California Constitution in the preceding fiscal year and the dollar value added to the property tax roll.

(B) The number of reassessments specified in this paragraph that were performed by the staff identified pursuant to paragraph (3) and the dollar value added to the property tax roll.

(11) (A) The number of unassessed properties discovered and enrolled in the preceding fiscal year and the dollar value added to the property tax roll.

(B) The number of assessments specified in this paragraph that were performed by the staff identified pursuant to paragraph (3) and the dollar value added to the property tax roll.

(12) (A) The number of assessments appeals successfully responded to in the preceding fiscal year and the dollar value retained on the property tax roll as a result. For purposes of this paragraph, “successfully responded to” means that the assessment appeals board did not reduce the assessed value to that claimed by the person seeking a reduction in the assessment.

(B) The number of assessment appeals specified in this paragraph that were responded to by the staff identified pursuant to paragraph (3) and the dollar value retained on the property tax roll.

(13) (A) The number of additional tax audits completed in the preceding fiscal year and the dollar value added to the property tax roll as a result. For purposes of this paragraph, “additional tax audits” means the number of tax audits in excess of the volume of pool audits required by Section 469.

(B) The number of audits specified in this paragraph that were performed by the staff identified pursuant to paragraph (3) and the dollar value added to the property tax roll.

(14) The number of assessment tasks specified in paragraphs (5) through (11), inclusive, that were completed with Program-funded information technology systems and software in each fiscal year that the Program is authorized to operate and the dollar value added to the property tax roll.

(h) Upon the request of the department, participating county assessors' offices shall provide the department with any supplemental information necessary to substantiate the information contained in the report submitted pursuant to subdivision (g).

(i) No later than March 1, 2022, the Department of Finance shall provide the Joint Legislative Budget Committee with a report that, at a minimum, includes the following information, organized by county, for each fiscal year for which Program funding was appropriated in the annual Budget Act:

(1) The total assessed value of county-assessed property and the dollar amount by which that figure increased or decreased in comparison to the preceding fiscal year.

(2) The assessed value added to the property tax roll by all county assessor's office staff for each of the activities specified in paragraphs (5) through (13), inclusive, of subdivision (g).

(3) A determination as to how much of the assessed value added to the property tax roll for each activity specified in paragraph (2) is attributable to county assessor's office staff whose positions were fully funded using Program funds or county matching funds, or both Program funds and county matching funds.

(4) The amount by which the assessed values derived pursuant to paragraphs (2) and (3) increased or decreased in comparison to the preceding fiscal year.

(5) A determination as to the assessed value added to the property tax roll for each activity specified in paragraphs (5) through (13), inclusive, of subdivision (g) using Program-funded information technology systems and software.

(6) An estimate of the countywide property tax revenue resulting from the assessed value added to the property tax roll as determined pursuant to paragraphs (3) and (5).

(7) An estimate of the amount of revenue identified in paragraph (6) that accrued to the following entities:

(A) K–12 school districts.

(B) California Community College districts.

(C) County offices of education.

(8) A determination as to whether the Program resulted in assessed value increases that would not have otherwise occurred.

(j) The Legislature finds and declares that there is a compelling public interest in allowing the department to implement and administer this section as expeditiously as possible, and to thereby accelerate countywide equalization efforts. The department is therefore exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) for the purpose of carrying out the duties enumerated in this section.

SEC. 54. Section 214 of the Revenue and Taxation Code is amended to read:

214. (a) Property used exclusively for religious, hospital, scientific, or charitable purposes owned and operated by community chests, funds, foundations, limited liability companies, or corporations organized and operated for religious, hospital, scientific, or charitable purposes is exempt from taxation, including ad valorem taxes to pay the interest and redemption charges on any indebtedness approved by the voters prior to July 1, 1978, or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, if:

(1) The owner is not organized or operated for profit. However, in the case of hospitals, the organization shall not be deemed to be organized or operated for profit if, during the immediately preceding fiscal year, operating revenues, exclusive of gifts, endowments, and grants-in-aid, did not exceed operating expenses by an amount equivalent to 10 percent of those operating expenses. As used herein, operating expenses include depreciation based on cost of replacement and amortization of, and interest on, indebtedness.

(2) No part of the net earnings of the owner inures to the benefit of any private shareholder or individual.

(3) The property is used for the actual operation of the exempt activity, and does not exceed an amount of property reasonably necessary to the accomplishment of the exempt purpose.

(A) For the purposes of determining whether the property is used for the actual operation of the exempt activity, consideration shall not be given to use of the property for either or both of the following described activities if that use is occasional:

(i) The owner conducts fundraising activities on the property and the proceeds derived from those activities are not unrelated business taxable income, as defined in Section 512 of the Internal Revenue Code, of the owner and are used to further the exempt activity of the owner.

(ii) The owner permits any other organization that meets all of the requirements of this subdivision, other than ownership of the property, to conduct fundraising activities on the property and the proceeds derived from those activities are not unrelated business taxable income, as defined in Section 512 of the Internal Revenue Code, of the organization, are not subject to the tax on unrelated business taxable income that is imposed by Section 511 of the Internal Revenue Code, and are used to further the exempt activity of the organization.

(B) For purposes of subparagraph (A):

(i) "Occasional use" means use of the property on an irregular or intermittent basis by the qualifying owner or any other qualifying organization described in clause (ii) of subparagraph (A) that is incidental to the primary activities of the owner or the other organization.

(ii) "Fundraising activities" means both activities involving the direct solicitation of money or other property and the anticipated exchange of

goods or services for money between the soliciting organization and the organization or person solicited.

(C) Subparagraph (A) shall have no application in determining whether paragraph (3) has been satisfied unless the owner of the property and any other organization using the property as provided in subparagraph (A) have filed with the assessor a valid organizational clearance certificate issued pursuant to Section 254.6.

(D) For the purposes of determining whether the property is used for the actual operation of the exempt activity, consideration shall not be given to the use of the property for meetings conducted by any other organization if the meetings are incidental to the other organization's primary activities, are not fundraising meetings or activities as defined in subparagraph (B), are held no more than once per week, and the other organization and its use of the property meet all other requirements of paragraphs (1) to (5), inclusive, of this subdivision. The owner or the other organization also shall file with the assessor a copy of a valid, unrevoked letter or ruling from the Internal Revenue Service or the Franchise Tax Board stating that the other organization, or the national organization of which it is a local chapter or affiliate, qualifies as an exempt organization under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code or Section 23701d, 23701f, or 23701w.

(E) Nothing in subparagraph (A), (B), (C), or (D) shall be construed to either enlarge or restrict the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section.

(4) The property is not used or operated by the owner or by any other person so as to benefit any officer, trustee, director, shareholder, member, employee, contributor, or bondholder of the owner or operator, or any other person, through the distribution of profits, payment of excessive charges or compensations, or the more advantageous pursuit of their business or profession.

(5) The property is not used by the owner or members thereof for fraternal or lodge purposes, or for social club purposes except where that use is clearly incidental to a primary religious, hospital, scientific, or charitable purpose.

(6) The property is irrevocably dedicated to religious, charitable, scientific, or hospital purposes and upon the liquidation, dissolution, or abandonment of the owner will not inure to the benefit of any private person except a fund, foundation, or corporation organized and operated for religious, hospital, scientific, or charitable purposes.

(7) The property, if used exclusively for scientific purposes, is used by a foundation or institution that, in addition to complying with the foregoing requirements for the exemption of charitable organizations in general, has been chartered by the Congress of the United States (except that this requirement shall not apply when the scientific purposes are medical research), and whose objects are the encouragement or conduct of scientific investigation, research, and discovery for the benefit of the community at large.

The exemption provided for herein shall be known as the “welfare exemption.” This exemption shall be in addition to any other exemption now provided by law, and the existence of the exemption provision in paragraph (2) of subdivision (a) of Section 202 shall not preclude the exemption under this section for museum or library property. Except as provided in subdivision (e), this section shall not be construed to enlarge the college exemption.

(b) Property used exclusively for school purposes of less than collegiate grade and owned and operated by religious, hospital, or charitable funds, foundations, limited liability companies, or corporations, which property and funds, foundations, limited liability companies, or corporations meet all of the requirements of subdivision (a), shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section.

(c) Property used exclusively for nursery school purposes and owned and operated by religious, hospital, or charitable funds, foundations, limited liability companies, or corporations, which property and funds, foundations, limited liability companies, or corporations meet all the requirements of subdivision (a), shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section.

(d) Property used exclusively for a noncommercial educational FM broadcast station or an educational television station, and owned and operated by religious, hospital, scientific, or charitable funds, foundations, limited liability companies, or corporations meeting all of the requirements of subdivision (a), shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section.

(e) Property used exclusively for religious, charitable, scientific, or hospital purposes and owned and operated by religious, hospital, scientific, or charitable funds, foundations, limited liability companies, or corporations or educational institutions of collegiate grade, as defined in Section 203, which property and funds, foundations, limited liability companies, corporations, or educational institutions meet all of the requirements of subdivision (a), shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section. As to educational institutions of collegiate grade, as defined in Section 203, the requirements of paragraph (6) of subdivision (a) shall be deemed to be met if both of the following are met:

(1) The property of the educational institution is irrevocably dedicated in its articles of incorporation to charitable and educational purposes, to religious and educational purposes, or to educational purposes.

(2) The articles of incorporation of the educational institution provide for distribution of its property upon its liquidation, dissolution, or abandonment to a fund, foundation, or corporation organized and operated for religious, hospital, scientific, charitable, or educational purposes meeting the requirements for exemption provided by Section 203 or this section.

(f) Property used exclusively for housing and related facilities for elderly or handicapped families and financed by, including, but not limited to, the federal government pursuant to Section 202 of Public Law 86-372 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013), and owned and operated by religious, hospital, scientific, or charitable funds, foundations, limited liability companies, or corporations meeting all of the requirements of this section shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section.

The amendment of this paragraph made by Chapter 1102 of the Statutes of 1984 does not constitute a change in, but is declaratory of, existing law. However, no refund of property taxes shall be required as a result of this amendment for any fiscal year prior to the fiscal year in which the amendment takes effect.

Property used exclusively for housing and related facilities for elderly or handicapped families at which supplemental care or services designed to meet the special needs of elderly or handicapped residents are not provided, or that is not financed by the federal government pursuant to Section 202 of Public Law 86-372 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013), shall not be entitled to exemption pursuant to this subdivision unless the property is used for housing and related facilities for low- and moderate-income elderly or handicapped families. Property that would otherwise be exempt pursuant to this subdivision, except that it includes some housing and related facilities for other than low- or moderate-income elderly or handicapped families, shall be entitled to a partial exemption. The partial exemption shall be equal to that percentage of the value of the property that is equal to the percentage that the number of low- and moderate-income elderly and handicapped families represents of the total number of families occupying the property.

As used in this subdivision, “low and moderate income” has the same meaning as the term “persons and families of low or moderate income” as defined by Section 50093 of the Health and Safety Code.

(g) (1) Property used exclusively for rental housing and related facilities and owned and operated by religious, hospital, scientific, or charitable funds, foundations, limited liability companies, or corporations, including limited partnerships in which the managing general partner is an eligible nonprofit corporation or eligible limited liability company, meeting all of the requirements of this section, or by veterans’ organizations, as described in Section 215.1, meeting all the requirements of paragraphs (1) to (7), inclusive, of subdivision (a), shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section and shall be entitled to a partial exemption equal to that percentage of the value of the property that

is equal to the percentage that the number of units serving lower income households represents of the total number of residential units in any year in which any of the following criteria applies:

(A) The acquisition, rehabilitation, development, or operation of the property, or any combination of these factors, is financed with tax-exempt mortgage revenue bonds or general obligation bonds, or is financed by local, state, or federal loans or grants and the rents of the occupants who are lower income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

(B) The owner of the property is eligible for and receives low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as added by Public Law 99-514.

(C) In the case of a claim, other than a claim with respect to property owned by a limited partnership in which the managing general partner is an eligible nonprofit corporation, that is filed for the 2000–01 fiscal year or any fiscal year thereafter, 90 percent or more of the occupants of the property are lower income households whose rent does not exceed the rent prescribed by Section 50053 of the Health and Safety Code. The total exemption amount allowed under this subdivision to a taxpayer, with respect to a single property or multiple properties for any fiscal year on the sole basis of the application of this subparagraph, may not exceed ten million dollars (\$10,000,000) in assessed value.

(D) (i) The property was previously purchased and owned by the Department of Transportation pursuant to a consent decree requiring housing mitigation measures relating to the construction of a freeway and is now solely owned by an organization that qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

(ii) This subparagraph shall not apply to property owned by a limited partnership in which the managing partner is an eligible nonprofit corporation.

(2) In order to be eligible for the exemption provided by this subdivision, the owner of the property shall do both of the following:

(A) (i) For any claim filed for the 2000–01 fiscal year or any fiscal year thereafter, certify and ensure, subject to the limitation in clause (ii), that there is an enforceable and verifiable agreement with a public agency, a recorded deed restriction, or other legal document that restricts the project's usage and that provides that the units designated for use by lower income households are continuously available to or occupied by lower income households, subject to the exception in clause (iii), at rents that do not exceed those prescribed by Section 50053 of the Health and Safety Code, or, to the extent that the terms of federal, state, or local financing or financial assistance conflicts with Section 50053, rents that do not exceed those prescribed by the terms of the financing or financial assistance.

(ii) In the case of a limited partnership in which the managing general partner is an eligible nonprofit corporation, the restriction and provision specified in clause (i) shall be contained in an enforceable and verifiable

agreement with a public agency, or in a recorded deed restriction to which the limited partnership certifies.

(iii) (I) In the case of an owner of property that is eligible for and receives a low-income housing tax credit pursuant to Section 42 of the Internal Revenue Code, relating to low-income housing credit, a unit shall continue to be treated as occupied by a lower income household if the occupants were lower income households on the lien date in the fiscal year in which their occupancy of the unit commenced and the unit continues to be rent restricted, notwithstanding an increase in the income of the occupants of the unit to 140 percent of area median income, adjusted for family size. However, the unit shall cease to be treated as a lower income unit if the income of the occupants of the unit increases above 140 percent of area median income, adjusted for family size.

(II) This clause shall only be operative from the 2018–19 fiscal year through the 2027–28 fiscal year.

(B) Certify that the funds that would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income households.

(3) As used in this subdivision:

(A) “Lower income households” has the same meaning as the term “lower income households” as defined by Section 50079.5 of the Health and Safety Code.

(B) “Related facilities” means any manager’s units and any and all common area spaces that are included within the physical boundaries of the rental housing development, including, but not limited to, common area space, walkways, balconies, patios, clubhouse space, meeting rooms, laundry facilities, and parking areas, except any portions of the overall development that are nonexempt commercial space.

(C) (i) “Units serving lower income households” shall mean units that are occupied by lower income households at an affordable rent, as defined in Section 50053 of the Health and Safety Code or, to the extent that the terms of federal, state, or local financing or financial assistance conflicts with Section 50053, rents that do not exceed those prescribed by the terms of the financing or financial assistance. Units reserved for lower income households at an affordable rent that are temporarily vacant due to tenant turnover or repairs shall be counted as occupied.

(ii) (I) “Units serving lower income households” shall also mean units specified in clause (iii) of subparagraph (A) of paragraph (2).

(II) This clause shall only be operative from the 2018–19 fiscal year through the 2027–28 fiscal year.

(h) Property used exclusively for an emergency or temporary shelter and related facilities for homeless persons and families and owned and operated by religious, hospital, scientific, or charitable funds, foundations, limited liability companies, or corporations meeting all of the requirements of this section shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section. Property that otherwise would be exempt

pursuant to this subdivision, except that it includes housing and related facilities for other than an emergency or temporary shelter, shall be entitled to a partial exemption.

As used in this subdivision, “emergency or temporary shelter” means a facility that would be eligible for funding pursuant to Chapter 11 (commencing with Section 50800) of Part 2 of Division 31 of the Health and Safety Code.

(i) Property used exclusively for housing and related facilities for employees of religious, charitable, scientific, or hospital organizations that meet all the requirements of subdivision (a) and owned and operated by funds, foundations, limited liability companies, or corporations that meet all the requirements of subdivision (a) shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section to the extent the residential use of the property is institutionally necessary for the operation of the organization.

(j) For purposes of this section, charitable purposes include educational purposes. For purposes of this subdivision, “educational purposes” means those educational purposes and activities for the benefit of the community as a whole or an unascertainable and indefinite portion thereof, and do not include those educational purposes and activities that are primarily for the benefit of an organization’s shareholders. Educational activities include the study of relevant information, the dissemination of that information to interested members of the general public, and the participation of interested members of the general public.

(k) In the case of property used exclusively for the exempt purposes specified in this section, owned and operated by limited liability companies that are organized and operated for those purposes, the State Board of Equalization shall adopt regulations to specify the ownership, organizational, and operational requirements for those companies to qualify for the exemption provided by this section.

(l) The amendments made by Chapter 354 of the Statutes of 2004 shall apply with respect to lien dates occurring on and after January 1, 2005.

(m) The amendments made by the act adding this subdivision shall apply with respect to lien dates occurring on and after January 1, 2017.

(n) Notwithstanding Section 20 or any other law, the State Board of Equalization is responsible for administering the welfare exemption provided by this section, except where the law places responsibility for administering that exemption with the county assessor.

SEC. 55. Section 215.1 of the Revenue and Taxation Code is amended to read:

215.1. (a) All buildings, and so much of the real property on which the buildings are situated as may be required for the convenient use and occupation of the buildings, used exclusively for charitable purposes, owned by a veterans’ organization which has been chartered by the Congress of the United States, organized and operated for charitable purposes, when the same are used solely and exclusively for the purpose of the organization, if

not conducted for profit and no part of the net earnings of which inures to the benefit of any private individual or member thereof, shall be exempt from taxation.

(b) The exemption provided for in this section shall apply to the property of all organizations meeting the requirements of this section and subdivision (b) of Section 4 of Article XIII of the California Constitution and paragraphs (1) to (7), inclusive, of subdivision (a) of Section 214.

(c) An organization that files a claim for the exemption provided for in this section shall file with the assessor a valid organizational clearance certificate issued pursuant to Section 254.6.

(d) (1) This exemption shall be known as the “veterans’ organization exemption.”

(2) Notwithstanding Section 20 or any other law, the State Board of Equalization is responsible for administering the veterans’ organization exemption provided by this section, except where the law places responsibility for administering that exemption with the county assessor.

SEC. 56. Section 254.5 of the Revenue and Taxation Code is amended to read:

254.5. (a) Claims for the welfare exemption and the veterans’ organization exemption shall be filed on or before February 15 of each year with the assessor.

The assessor may not approve a property tax exemption claim until the claimant has been issued a valid organizational clearance certificate pursuant to Section 254.6. Financial statements shall be submitted only if requested in writing by the assessor.

(b) (1) The assessor shall review all claims for the welfare exemption to ascertain whether the property on which the exemption is claimed meets the requirements of Section 214. The assessor shall also review all claims for the veterans’ organization exemption to ascertain whether the property on which the exemption is claimed meets the requirements of Section 215.1. In this connection, the assessor shall consider, among other matters, whether:

(A) Any capital investment of the owner or operator for expansion of a physical plant is justified by the contemplated return thereon, and required to serve the interests of the community.

(B) The property on which the exemption is claimed is used for the actual operation of an exempt activity and does not exceed an amount of property reasonably necessary to the accomplishment of the exempt purpose.

(2) The assessor may institute an audit or verification of the operations of the owner or operator of the applicant’s property to ascertain whether both the owner and operator meet the requirements of Section 214.

(c) (1) The assessor may deny a claim for the welfare exemption on a property, notwithstanding that the claimant has been granted an organizational clearance certificate by the board.

(2) If the assessor finds that the claimant’s property is ineligible for the welfare exemption or the veterans’ organization exemption, the assessor shall notify the claimant in writing of all of the following:

(A) That the property is ineligible for the exemption.

(B) That the claimant may seek a refund of property taxes paid by filing a refund claim with the county.

(C) That if the claimant's refund claim with the county is denied, the claimant may file a refund action in superior court.

(d) Notwithstanding subdivision (a), an applicant, granted a welfare exemption and owning any property exempted pursuant to Section 214.15 or Section 231, shall not be required to reapply for the welfare exemption in any subsequent year in which there has been no transfer of, or other change in title to, the exempted property and the property is used exclusively by a governmental entity or by a nonprofit corporation described in Section 214.15 for its interest and benefit. The applicant shall notify the assessor on or before February 15 if, on or before the preceding lien date, the applicant became ineligible for the welfare exemption or if, on or before that lien date, the property was no longer owned by the applicant or otherwise failed to meet all requirements for the welfare exemption.

Prior to the lien date, the assessor shall annually mail a notice to every applicant relieved of the requirement of filing an annual application by this subdivision.

The notice shall be in a form and contain that information that the board may prescribe, after consultation with the California Assessors' Association, and shall set forth the circumstances under which the property may no longer be eligible for exemption, and advise the applicant of the duty to inform the assessor if the property is no longer eligible for exemption.

The notice shall inform any applicant desiring to maintain eligibility for the welfare exemption under Section 214.15 or Section 231 for the next fiscal year of the procedure to reaffirm exemption eligibility. The failure to reaffirm eligibility for the exemption does not of itself constitute a waiver of exemption as called for by the California Constitution, but may result in additional contact by the assessor to verify exempt activity.

(e) Upon any indication that a welfare exemption or veterans' organization exemption on the property has been incorrectly granted, the assessor shall redetermine eligibility for the exemption. If the assessor determines that the property, or any portion thereof, is no longer eligible for the exemption, he or she shall immediately cancel the exemption on so much of the property as is no longer eligible for the exemption.

(f) If a welfare exemption or veterans' organization exemption on the property has been incorrectly allowed, an escape assessment as provided by Article 4 (commencing with Section 531) of Chapter 3 in the amount of the exemption, with interest as provided in Section 506, shall be made, and a penalty shall be assessed for any failure to notify the assessor as required by this section in an amount equaling 10 percent of the escape assessment, but may not exceed two hundred fifty dollars (\$250).

(g) Pursuant to Section 15640 of the Government Code, the board shall review the assessor's administration of the welfare exemption and the veterans' organization exemption as part of the board's survey of the county assessment roll to ensure the proper administration of the exemption.

(h) Notwithstanding Section 20, for purposes of this section “board” means the State Board of Equalization.

SEC. 57. Section 254.6 of the Revenue and Taxation Code is amended to read:

254.6. (a) An organization that intends to claim the welfare exemption or veterans’ organization exemption shall file with the State Board of Equalization a claim for an organizational clearance certificate.

(b) The board staff shall review each claim for an organizational clearance certificate for the welfare exemption to ascertain whether the organization meets the requirements of Section 214 and shall issue a certificate to a claimant that meets these requirements. The board staff shall also review each claim for an organizational clearance certificate for the veterans’ organization exemption to ascertain whether the organization meets the requirements of Section 215.1 and shall issue a certificate to a claimant that meets these requirements. In this connection, the board staff shall consider, among other matters, whether:

(1) The services and expenses of the owner or operator (including salaries) are excessive, based upon like services and salaries in comparable public or private institutions.

(2) The operations of the owner or operator, either directly or indirectly, materially enhance the private gain of any individual or individuals.

(c) Any claim of any organization that files for an organizational clearance certificate for the first time shall be accompanied by the claimant’s corporate identification number, mailing address, and all of the following documents:

(1) A certified copy of the financial statements of the organization.

(2) A certified copy of the articles of incorporation and any amendments thereto, or in the case of any noncorporate fund or foundation, its bylaws, articles of association, constitution, or regulations and any amendments thereto.

(3) A copy of a valid, unrevoked letter or ruling from either the Franchise Tax Board or, in the alternative, the Internal Revenue Service, that states that the organization qualifies as an exempt organization under the appropriate provisions of the Bank and Corporation Tax Law or the Internal Revenue Code.

(d) (1) If the board staff determines that a claimant is not eligible for an organizational clearance certificate, the board shall notify the claimant of the ineligibility.

(2) The claimant may file an appeal of the board staff’s finding of ineligibility with the board within 60 days of the date of mailing of the notice of ineligibility. The appeal of the board staff’s finding shall be in writing and shall state the specific grounds upon which the appeal is founded.

(3) The board shall conduct a hearing on the appeal in accordance with any rules of notice, procedure, and briefing as the board shall prescribe. The parties to the hearing or proceeding shall be the board staff and the claimant appealing the finding of ineligibility. The board staff and the claimant may agree in writing to submit the matter to the board for a decision without a

hearing. The board shall provide written findings and conclusions or a written decision to support its decision.

(e) (1) Once granted, an organizational clearance certificate for the welfare exemption remains valid until the board staff determines that the organization no longer meets the requirements of Section 214. Once granted, an organizational clearance certificate for the veterans' organization exemption remains valid until the board staff determines that the organization no longer meets the requirements of Section 215.1.

(2) If the board staff determines that the organization no longer meets the requirements for an organizational clearance certificate, the board staff shall revoke the certificate and notify the claimant and each county assessor of the revocation.

(3) The organization may file an appeal of the board staff's revocation with the board within 60 days of the date of mailing of the notice revocation. The appeal of the revocation shall be in writing and shall state the specific grounds upon which the appeal is founded.

(4) The board shall conduct a hearing on the appeal in accordance with any rules of notice, procedure, and briefing as the board shall prescribe. The parties to the hearing or proceeding shall be the board staff and the claimant appealing the finding of ineligibility. The board staff and the claimant may agree in writing to submit the matter to the board for decision without hearing. The board shall provide written findings and conclusions or a written decision to support its decision.

(f) Pursuant to Section 15618 of the Government Code, the board may institute an audit or verification of an organization to ascertain whether the organization meets the requirements of Section 214.

(g) Notwithstanding Section 20, for purposes of this section "State Board of Equalization" and "board" mean the State Board of Equalization.

SEC. 58. Section 480.1 of the Revenue and Taxation Code is amended to read:

480.1. (a) Whenever there is a change in control of any corporation, partnership, limited liability company, or other legal entity, as defined in subdivision (c) of Section 64, a signed change in ownership statement as provided for in subdivision (b), shall be filed by the person or legal entity acquiring ownership control of the corporation, partnership, limited liability company, or other legal entity with the board at its office in Sacramento within 90 days from the date of the change in control of the corporation, partnership, limited liability company, or other legal entity. The statement shall list all counties in which the corporation, partnership, limited liability company, or legal entity owns real property.

(b) The change in ownership statement as required pursuant to subdivision (a), shall be declared to be true under penalty of perjury and shall give such information relative to the ownership control acquisition transaction as the board shall prescribe after consultation with the California Assessors' Association. The information shall include, but not be limited to, a description of the property owned by the corporation, partnership, limited liability company, or other legal entity, the parties to the transaction, and

the date of the ownership control acquisition. The change in ownership statement shall not include any question which is not germane to the assessment function. The statement shall contain a notice that is printed, with the title in at least 12-point boldface type and the body in at least 8-point boldface type, in the following form:

“Important Notice”

“The law requires any person or legal entity acquiring ownership control in any corporation, partnership, limited liability company, or other legal entity owning real property in California subject to local property taxation to complete and file a change in ownership statement with the State Board of Equalization at its office in Sacramento. The change in ownership statement must be filed within 90 days from the date of the change in control of a corporation, partnership, limited liability company, or other legal entity. The law further requires that a change in ownership statement be completed and filed whenever a written request is made therefor by the State Board of Equalization, regardless of whether a change in control of the legal entity has occurred. The failure to file a change in ownership statement within 90 days from the earlier of the date of the change in control of the corporation, partnership, limited liability company, or other legal entity, or the date of a written request by the State Board of Equalization, results in a penalty of 10 percent of the taxes applicable to the new base year value reflecting the change in control of the real property owned by the corporation, partnership, limited liability company, or legal entity (or 10 percent of the current year’s taxes on that property if no change in control occurred). This penalty will be added to the assessment roll and shall be collected like any other delinquent property taxes, and be subject to the same penalties for nonpayment.”

(c) In the case of a corporation, the change in ownership statement shall be signed either by an officer of the corporation or an employee or agent who has been designated in writing by the board of directors to sign such statements on behalf of the corporation. In the case of a partnership, limited liability company, or other legal entity, the statement shall be signed by an officer, partner, manager, or an employee or agent who has been designated in writing by the partnership, limited liability company, or legal entity.

(d) No person or entity acting for or on behalf of the parties to a transfer of real property shall incur liability for the consequences of assistance rendered to the transferee in preparation of any change in ownership statement, and no action may be brought or maintained against any person or entity as a result of that assistance.

Nothing in this section shall create a duty, either directly or by implication, that such assistance be rendered by any person or entity acting for or on behalf of parties to a transfer of real property.

(e) The board or assessors may inspect any and all records and documents of a corporation, partnership, limited liability company, or legal entity to ascertain whether a change in control as defined in subdivision (c) of Section

64 has occurred. The corporation, partnership, limited liability company, or legal entity shall upon request, make those documents available to the board during normal business hours.

(f) Notwithstanding Section 20, for purposes of this section “State Board of Equalization” and “board” mean the State Board of Equalization.

SEC. 59. Section 480.2 of the Revenue and Taxation Code is amended to read:

480.2. (a) Whenever there is a change in ownership of any corporation, partnership, limited liability company, or other legal entity, as defined in subdivision (d) of Section 64, a signed change in ownership statement as provided in subdivision (b) shall be filed by the corporation, partnership, limited liability company, or other legal entity with the board at its office in Sacramento within 90 days from the date of the change in ownership of the corporation, partnership, limited liability company, or other legal entity. The statement shall list all counties in which the corporation, partnership, limited liability company, or legal entity owns real property.

(b) The change in ownership statement required pursuant to subdivision (a) shall be declared to be true and under penalty of perjury and shall give such information relative to the ownership interest acquisition transaction as the board shall prescribe after consultation with the California Assessors’ Association. The information shall include, but not be limited to, a description of the property owned by the corporation, partnership, limited liability company, or other legal entity, the parties to the transaction, the date of the ownership interest acquisition, and a listing of the “original coowners” of the corporation, partnership, limited liability company, or other legal entity prior to the transaction. The change in ownership statement shall not include any question which is not germane to the assessment function. The statement shall contain a notice that is printed, with the title in at least 12-point boldface type and the body in at least 8-point boldface type, in the following form:

“Important Notice”

“The law requires any corporation, partnership, limited liability company, or other legal entity owning real property in California subject to local property taxation and transferring shares or other ownership interest in such legal entity which constitute a change in ownership pursuant to subdivision (d) of Section 64 of the Revenue and Taxation Code to complete and file a change in ownership statement with the State Board of Equalization at its office in Sacramento. The change in ownership statement must be filed within 90 days from the date that shares or other ownership interests representing cumulatively more than 50 percent of the total control or ownership interests in the entity are transferred by any of the original coowners in one or more transactions. The law further requires that a change in ownership statement be completed and filed whenever a written request is made therefor by the State Board of Equalization, regardless of whether a change in ownership of the legal entity has occurred. The failure to file a

change in ownership statement within 90 days from the earlier of the date of the change in ownership of the corporation, partnership, limited liability company, or other legal entity, or the date of a written request by the Board of Equalization, results in a penalty of 10 percent of the taxes applicable to the new base year value reflecting the change in ownership of the real property owned by the corporation, partnership, limited liability company, or legal entity (or 10 percent of the current year's taxes on that real property if no change in ownership occurred). This penalty will be added to the assessment roll and shall be collected like any other delinquent property taxes, and be subject to the same penalties for nonpayment.”

(c) In the case of a corporation, the change in ownership statement shall be signed either by an officer of the corporation or an employee or agent who has been designated in writing by the board of directors to sign such statements on behalf of the corporation. In the case of a partnership, limited liability company, or other legal entity, the statement shall be signed by an officer, partner, manager, or an employee or agent who has been designated in writing by the partnership, limited liability company, or legal entity.

(d) No person or entity acting for or on behalf of the parties to a transfer of real property shall incur liability for the consequences of assistance rendered to the transferee in preparation of any change in ownership statement, and no action may be brought or maintained against any person or entity as a result of that assistance.

Nothing in this section shall create a duty, either directly or by implication, that such assistance be rendered by any person or entity acting for or on behalf of parties to a transfer of real property.

(e) The board or assessors may inspect any and all records and documents of a corporation, partnership, limited liability company, or legal entity to ascertain whether a change in ownership as defined in subdivision (d) of Section 64 has occurred. The corporation, partnership, limited liability company, or legal entity shall upon request, make those documents available to the board during normal business hours.

(f) Notwithstanding Section 20, for purposes of this section “State Board of Equalization” and “board” mean the State Board of Equalization.

SEC. 60. Section 6377.1 of the Revenue and Taxation Code is amended to read:

6377.1. (a) Except as provided in subdivision (e), on or after July 1, 2014, and before July 1, 2030, there are exempted from the taxes imposed by this part the gross receipts from the sale of, and the storage, use, or other consumption in this state of, any of the following:

(1) Qualified tangible personal property purchased for use by a qualified person to be used primarily in any stage of the manufacturing, processing, refining, fabricating, or recycling of tangible personal property, beginning at the point any raw materials are received by the qualified person and introduced into the process and ending at the point at which the manufacturing, processing, refining, fabricating, or recycling has altered tangible personal property to its completed form, including packaging, if required.

(2) Qualified tangible personal property purchased for use by a qualified person to be used primarily in research and development.

(3) Qualified tangible personal property purchased for use by a qualified person to be used primarily to maintain, repair, measure, or test any qualified tangible personal property described in paragraph (1) or (2).

(4) Qualified tangible personal property purchased for use by a contractor purchasing that property for use in the performance of a construction contract for the qualified person, that will use that property as an integral part of the manufacturing, processing, refining, fabricating, or recycling process, the generation or production, or storage and distribution, of electric power, or as a research or storage facility for use in connection with those processes.

(5) Qualified tangible personal property purchased for use by a qualified person to be used primarily in the generation or production, or storage and distribution, of electric power.

(b) For purposes of this section:

(1) “Department” means the California Department of Tax and Fee Administration.

(2) “Fabricating” means to make, build, create, produce, or assemble components or tangible personal property to work in a new or different manner.

(3) “Generation or production” means the activity of making, producing, creating, or converting electric power from sources other than a conventional power source, as defined in Section 2805 of the Public Utilities Code.

(4) “Manufacturing” means the activity of converting or conditioning tangible personal property by changing the form, composition, quality, or character of the property for ultimate sale at retail or use in the manufacturing of a product to be ultimately sold at retail. Manufacturing includes any improvements to tangible personal property that result in a greater service life or greater functionality than that of the original property.

(5) “Primarily” means 50 percent or more of the time.

(6) “Process” means the period beginning at the point at which any raw materials are received by the qualified person and introduced into the manufacturing, processing, refining, fabricating, or recycling activity of the qualified person and ending at the point at which the manufacturing, processing, refining, fabricating, or recycling activity of the qualified person has altered tangible personal property to its completed form, including packaging, if required. Raw materials shall be considered to have been introduced into the process when the raw materials are stored on the same premises where the qualified person’s manufacturing, processing, refining, fabricating, or recycling activity is conducted. Raw materials that are stored on premises other than where the qualified person’s manufacturing, processing, refining, fabricating, or recycling activity is conducted shall not be considered to have been introduced into the manufacturing, processing, refining, fabricating, or recycling process.

(7) “Processing” means the physical application of the materials and labor necessary to modify or change the characteristics of tangible personal property.

(8) (A) “Qualified person” means:

(i) Prior to January 1, 2018, a person that is primarily engaged in those lines of business described in Codes 3111 to 3399, inclusive, 541711, or 541712 of the North American Industry Classification System (NAICS) published by the United States Office of Management and Budget (OMB), 2012 edition.

(ii) On and after January 1, 2018, and before July 1, 2030, a person that is primarily engaged in those lines of business described in Codes 3111 to 3399, inclusive, 221111 to 221118, inclusive, 221122, 541711, or 541712 of the North American Industry Classification System (NAICS) published by the United States Office of Management and Budget (OMB), 2012 edition.

(B) Notwithstanding subparagraph (A), “qualified person” shall not include either of the following:

(i) Prior to January 1, 2018, an apportioning trade or business that is required to apportion its business income pursuant to subdivision (b) of Section 25128 or a trade or business conducted wholly within this state that would be required to apportion its business income pursuant to subdivision (b) of Section 25128 if it were subject to apportionment pursuant to Section 25101.

(ii) On and after January 1, 2018, and before July 1, 2030, an apportioning trade or business, other than a trade or business described in paragraph (1) of subdivision (c) of Section 25128, that is required to apportion its business income pursuant to subdivision (b) of Section 25128, or a trade or business, other than a trade or business described in paragraph (1) of subdivision (c) of Section 25128, conducted wholly within this state that would be required to apportion its business income pursuant to subdivision (b) of Section 25128 if it were subject to apportionment pursuant to Section 25101.

(9) (A) “Qualified tangible personal property” includes, but is not limited to, all of the following:

(i) Machinery and equipment, including component parts and contrivances such as belts, shafts, moving parts, and operating structures.

(ii) Equipment or devices used or required to operate, control, regulate, or maintain the machinery, including, but not limited to, computers, data-processing equipment, and computer software, together with all repair and replacement parts with a useful life of one or more years therefor, whether purchased separately or in conjunction with a complete machine and regardless of whether the machine or component parts are assembled by the qualified person or another party.

(iii) Tangible personal property used in pollution control that meets standards established by this state or any local or regional governmental agency within this state.

(iv) (I) Prior to January 1, 2018, special purpose buildings and foundations used as an integral part of the manufacturing, processing, refining, fabricating, or recycling process, or that constitute a research or storage facility used during those processes. Buildings used solely for warehousing purposes after completion of those processes are not included.

(II) On and after January 1, 2018, and before July 1, 2030, special purpose buildings and foundations used as an integral part of the manufacturing, processing, refining, fabricating, or recycling process, or that constitute a research or storage facility used during those processes, or the generation or production or storage and distribution of electric power. Buildings used solely for warehousing purposes after completion of those processes are not included.

(B) “Qualified tangible personal property” shall not include any of the following:

(i) Consumables with a useful life of less than one year.

(ii) Furniture, inventory, and equipment used in the extraction process, or equipment used to store finished products that have completed the manufacturing, processing, refining, fabricating, or recycling process.

(iii) Tangible personal property used primarily in administration, general management, or marketing.

(10) “Refining” means the process of converting a natural resource to an intermediate or finished product.

(11) “Research and development” means those activities that are described in Section 174 of the Internal Revenue Code or in any regulations thereunder.

(12) “Storage and distribution” means storing or distributing through the electric grid, but not transmission of, electric power to consumers regardless of source.

(13) (A) “Useful life” for tangible personal property that is treated as having a useful life of one or more years for state income or franchise tax purposes shall be deemed to have a useful life of one or more years for purposes of this section. “Useful life” for tangible personal property that is treated as having a useful life of less than one year for state income or franchise tax purposes shall be deemed to have a useful life of less than one year for purposes of this section. For the purposes of this paragraph, tangible personal property that is deducted under Sections 17201 and 17255 or Section 24356 shall be deemed to have a useful life of one or more years.

(B) The department shall cancel any outstanding and unpaid deficiency determination and any related penalties and interest and shall not issue any deficiency determination or notice of determination, with respect to unpaid sales and use tax on qualified property with a useful life, as defined in subparagraph (A), that was purchased or leased on or after July 1, 2014, and before January 1, 2018. Any amounts paid by a qualified person pursuant to such determination shall be refunded by the department to the qualified person. Any cancellation or refund described in this subparagraph is contingent upon a qualified person making a request to the department, in a manner prescribed by the department, by June 30, 2018.

(c) An exemption shall not be allowed under this section unless the purchaser furnishes the retailer with an exemption certificate, completed in accordance with any instructions or regulations as the department may prescribe, and the retailer retains the exemption certificate in its records and furnishes it to the department upon request.

(d) (1) Notwithstanding the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200)) and the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), the exemption established by this section shall not apply with respect to any tax levied by a county, city, or district pursuant to, or in accordance with, either of those laws.

(2) Notwithstanding subdivision (a), the exemption established by this section shall not apply with respect to any tax levied pursuant to Section 6051.2 or 6201.2, pursuant to Section 35 of Article XIII of the California Constitution, or any tax levied pursuant to Section 6051 or 6201 that is deposited in the State Treasury to the credit of the Local Revenue Fund 2011 pursuant to Section 6051.15 or 6201.15.

(e) (1) The exemption provided by this section shall not apply to either of the following:

(A) Any tangible personal property purchased during any calendar year that exceeds two hundred million dollars (\$200,000,000) of purchases of qualified tangible personal property for which an exemption is claimed by a qualified person under this section. For purposes of this subparagraph, in the case of a qualified person that is required to be included in a combined report under Section 25101 or authorized to be included in a combined report under Section 25101.15, the aggregate of all purchases of qualified personal property for which an exemption is claimed pursuant to this section by all persons that are required or authorized to be included in a combined report shall not exceed two hundred million dollars (\$200,000,000) in any calendar year.

(B) The sale or storage, use, or other consumption of property that, within one year from the date of purchase, is removed from California, converted from an exempt use under subdivision (a) to some other use not qualifying for exemption, or used in a manner not qualifying for exemption.

(2) If a purchaser certifies in writing to the seller that the tangible personal property purchased without payment of the tax will be used in a manner entitling the seller to regard the gross receipts from the sale as exempt from the sales tax, and the purchase exceeds the two-hundred-million-dollar (\$200,000,000) limitation described in subparagraph (A) of paragraph (1), or within one year from the date of purchase, the purchaser removes that property from California, converts that property for use in a manner not qualifying for the exemption, or uses that property in a manner not qualifying for the exemption, the purchaser shall be liable for payment of sales tax, with applicable interest, as if the purchaser were a retailer making a retail sale of the tangible personal property at the time the tangible personal property is so purchased, removed, converted, or used, and the cost of the tangible personal property to the purchaser shall be deemed the gross receipts from that retail sale.

(f) This section shall apply to leases of qualified tangible personal property classified as “continuing sales” and “continuing purchases” in accordance with Sections 6006.1 and 6010.1. The exemption established by this section shall apply to the rentals payable pursuant to the lease,

provided the lessee is a qualified person and the tangible personal property is used in an activity described in subdivision (a).

(g) (1) Upon the effective date of this section, the Department of Finance shall estimate the total dollar amount of exemptions that will be taken for each calendar year, or any portion thereof, for which this section provides an exemption.

(2) (A) No later than each May 1 next following a calendar year for which this section provides an exemption, the department shall provide to the Joint Legislative Budget Committee and to the Department of Finance a report of the total dollar amount of exemptions taken under this section for the immediately preceding calendar year. The report shall compare the total dollar amount of exemptions taken under this section for that calendar year with the Department of Finance's estimate in paragraph (1) for that same calendar year.

(B) (i) No later than each May 1 next following calendar years 2018 to 2030, inclusive, the department shall provide to the Joint Legislative Budget Committee and to the Department of Finance a report of the revenue value of the total dollar amount of exemptions taken pursuant to subdivision (a) for sales to, or purchases by, qualified persons described in clause (ii) for the immediately preceding calendar year.

(ii) The report required under this subparagraph shall only include the revenue value of the total dollar amount of exemptions allowed to the following:

(I) A qualified person that is primarily engaged in those lines of business described in Codes 221111 to 221118, inclusive, and 221122 of the North American Industry Classification System (NAICS) published by the United States Office of Management and Budget (OMB), 2012 edition.

(II) A qualified person that is both of the following:

(ia) A person that is primarily engaged in those lines of business described in Codes 3111 to 3399, inclusive, 541711, and 541712 of the North American Industry Classification System (NAICS) published by the United States Office of Management and Budget (OMB), 2012 edition.

(ib) A person that is an apportioning trade or business as described in paragraph (1) of subdivision (c) of Section 25128, that is required to apportion its business income pursuant to subdivision (b) of Section 25128, or a trade or business as described in paragraph (1) of subdivision (c) of Section 25128, conducted wholly within this state that would be required to apportion its business income pursuant to subdivision (b) of Section 25128 if it were subject to apportionment pursuant to Section 25101.

(C) No later than each May 1 next following calendar years 2022 through 2030, inclusive, the department shall provide to the Joint Legislative Budget Committee and to the Department of Finance a report of the revenue value of the total dollar amount of exemptions taken under this section for the immediately preceding calendar year, and for calendar year 2022, the period shall cover July 1 to December 31, 2022.

(3) (A) An amount that equals the revenue value of the total dollar amount of exemptions, as reported by the department pursuant to

subparagraph (B) of paragraph (2), with the concurrence of the Department of Finance, shall be transferred from the Greenhouse Gas Reduction Fund to the General Fund, no later than each June 30 next following the calendar year described in subparagraph (B) of paragraph (2). Any amount attributable to any cancellations the department made of any outstanding and unpaid deficiency determinations and any refunds under subparagraph (B) of paragraph (13) of subdivision (b) shall be excluded from the transfer of the amount described in subparagraph (B). The transfers to the General Fund shall be accrued to the fiscal year in which the revenue loss occurred.

(B) (i) For calendar years 2022 through 2030, inclusive, an amount not to exceed the difference between the revenue value of the total dollar amount of exemptions as reported by the department pursuant to subparagraph (C) of paragraph (2), and the revenue value of the total dollar amount of exemptions as reported by the department pursuant to subparagraph (B) of paragraph (2), may be transferred from the Greenhouse Gas Reduction Fund to the General Fund, no later than each July 31 following that calendar year described in subparagraph (C) of paragraph (2). The transfers to the General Fund shall be accrued proportionally to the fiscal year in which the revenue loss occurred.

(ii) The amount transferred under this subparagraph for each fiscal year shall be as determined by the Director of Finance, unless a different amount is otherwise specified in the Budget Act for that fiscal year.

(4) For purposes of this subdivision, the “revenue value” of an amount of exemptions shall mean the estimated revenue loss to the General Fund from the allowance of those exemptions.

(h) This section is repealed on January 1, 2031.

SEC. 61. Section 1088.9 of the Unemployment Insurance Code is amended to read:

1088.9. (a) The department shall have the power and duties necessary to administer the enforcement of employer compliance with Title 21 (commencing with Section 100000) of the Government Code.

(b) An eligible employer shall use the opt-out form in the employee information packet disseminated by the department to create an option for an eligible employee to note his or her decision to opt out of utilizing the CalSavers Retirement Savings Program.

(c) Each eligible employer that, without good cause, fails to allow its eligible employees to participate in the CalSavers Retirement Savings Program pursuant to Sections 100014 and 100032 of the Government Code, on or before 90 days after service of notice by the director pursuant to Section 1206 of its failure to comply, shall pay a penalty of two hundred fifty dollars (\$250) per eligible employee if noncompliance extends 90 days or more after the notice, and if found to be in noncompliance 180 days or more after the notice, an additional penalty of five hundred dollars (\$500) per eligible employee.

(d) The department shall enforce this penalty as part of its existing investigation and audit function.

(e) The provisions of this article, the provisions of Article 9 (commencing with Section 1176), with respect to refunds and overpayments, and the provisions of Article 11 (commencing with Section 1221), with respect to administrative appellate review shall apply to the penalty imposed by this section. Penalties collected pursuant to this section shall be deposited in the contingent fund.

(f) This section shall become operative six months after the board notifies the Director of Employment Development that the full implementation of Title 21 (commencing with Section 100000) of the Government Code will proceed. Upon receipt of the notification from the board, the department shall immediately post on its Internet Web site a notice stating that this section is operative, and the date that it is first operative.

(g) If the department participates in the implementation and administration of the program, it may charge the board a reasonable fee for costs it incurs for implementing and administering the program.

SEC. 62. Section 12302.2 of the Welfare and Institutions Code is amended to read:

12302.2. (a) (1) If the state or a county makes or provides for direct payment to a provider chosen by a recipient or to the recipient for the purchase of in-home supportive services, the department shall perform or ensure the performance of all rights, duties, and obligations of the recipient relating to those services as required for purposes of unemployment compensation, unemployment compensation disability benefits, workers' compensation, retirement savings accounts, including payroll deduction IRA arrangements offered pursuant to the CalSavers Retirement Savings Program (Title 21 (commencing with Section 100000) of the Government Code), federal and state income tax, and federal old-age, survivors, and disability insurance benefits. Those rights, duties, and obligations include, but are not limited to, registration and obtaining employer account numbers, providing information, notices, and reports, making applications and returns, and withholding in trust from the payments made to or on behalf of a recipient amounts to be withheld from the wages of the provider by the recipient as an employer, including the sales tax extended to support services by Article 4 (commencing with Section 6150) of Chapter 2 of Part 1 of Division 2 of the Revenue and Taxation Code, and transmitting those amounts along with amounts required for all contributions, premiums, and taxes payable by the recipient as the employer to the appropriate person or state or federal agency. The department may ensure the performance of any or all of these rights, duties, and obligations by contract with any person, or any public or private agency.

(2) Contributions, premiums, and taxes shall be paid or transmitted on the recipient's behalf as the employer for any period commencing on or after January 1, 1978, except that contributions, premiums, and taxes for federal and state income taxes and federal old-age, survivors, and disability insurance contributions shall be paid or transmitted pursuant to this section commencing with the first full month that begins 90 days after the effective date of this section.

(3) Contributions, premiums, and taxes paid or transmitted on the recipient's behalf for unemployment compensation, workers' compensation, and the employer's share of federal old-age, survivors, and disability insurance benefits shall be payable in addition to the maximum monthly amount established pursuant to Section 12303.5 or subdivision (a) of Section 12304 or other amount payable to or on behalf of a recipient. Contributions, premiums, or taxes resulting from liability incurred by the recipient as employer for unemployment compensation, workers' compensation, and federal old-age, survivors, and disability insurance benefits with respect to any period commencing on or after January 1, 1978, and ending on or before the effective date of this section shall also be payable in addition to the maximum monthly amount established pursuant to Section 12303.5 or subdivision (a) of Section 12304 or other amount payable to or on behalf of the recipient. Nothing in this section shall be construed to permit any interference with the recipient's right to select the provider of services or to authorize a charge for administrative costs against any amount payable to or on behalf of a recipient.

(b) If the state makes or provides for direct payment to a provider chosen by a recipient, the Controller shall make any deductions from the wages of in-home supportive services personnel that are authorized by Sections 1152 and 1153 of the Government Code, as limited by Section 3515.6 of the Government Code, and for the sales tax extended to support services by Article 4 (commencing with Section 6150) of Chapter 2 of Part 1 of Division 2 of the Revenue and Taxation Code.

(c) Funding for the costs of administering this section and for contributions, premiums, and taxes paid or transmitted on the recipient's behalf as an employer pursuant to this section shall qualify, where possible, for the maximum federal reimbursement. To the extent that federal funds are inadequate, notwithstanding Section 12306, the state shall provide funding for the purposes of this section.

SEC. 63. The Legislature finds and declares that Section 20 of this act, which adds Section 13293.1 to the Government Code, imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

The need for the Department of Finance to fully examine and evaluate records, files, documents, accounts, reports, correspondence, and all financial affairs of every agency of the state permitted or charged by law to handle public money outweighs the interest in public disclosure of information obtained by the department in connection with its activities.

SEC. 64. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of

Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 65. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.