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Thursday, January 09, 2014
Upon adjournment of Session
State Capitol, Room 3162

CONSENT AGENDA

Bill Referrals

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Requests to Add Urgency Clause

3. AB 369 (Pan) Relative to Continuity of care. [Page 4](#)
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California Legislature
Assembly Rules Committee

ROOM 3016 — STATE CAPITOL
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Memo

To: Rules Committee Members
From: Mukhtar Ali, Bill Referral Consultant
Date: 1/8/14
Re: Consent Bill Referrals

Since you received the preliminary list, AB 288 has been removed.



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RE-REFERRAL OF BILLS

01/09/2014

RE-REFERRAL OF BILLS

Assembly Bill No.

[AB 129](#)

[AB 1104](#)

Committee:

BANKING AND FINANCE

NATURAL RESOURCES

AMENDED IN ASSEMBLY JANUARY 6, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 369

Introduced by Assembly Member Pan

February 14, 2013

An act to amend Section ~~100503~~ of the Government Code, 1373.96 of the Health and Safety Code, and to amend Section 10133.56 of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 369, as amended, Pan. ~~California Health Benefit Exchange report~~. Continuity of care.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. Existing law requires a health care service plan, with some exceptions, to provide for the completion of covered services by a terminated provider or a nonparticipating provider for enrollees who were receiving services from the provider for one of the specified conditions at the time of the contract termination or at the time a newly covered enrollee's coverage became effective. Existing law requires a health insurer, with some exceptions, to provide for the completion of covered services by a terminated provider for insureds who were receiving services from the provider for one of the specified conditions at the time of the policy termination.

Under the federal Patient Protection and Affordable Care Act (PPACA), each state is required, by January 1, 2014, to establish an

American Health Benefit Exchange that makes available qualified health plans to qualified individuals and small employers. Existing state law establishes the California Health Benefit Exchange (Exchange) within state government, specifies the powers and duties of the board governing the Exchange, and requires the board to facilitate the purchase of qualified health plans through the Exchange by qualified individuals and small employers by January 1, 2014. ~~Existing law requires the board to report, or contract with an independent entity to report, to the Legislature by December 1, 2018, on whether to adopt the option under the PPACA to merge the individual and small employer insurance markets.~~

~~This bill would instead require the board or the independent entity to make this report to the Legislature by March 1, 2019.~~

This bill would require a health insurer to arrange for the completion of covered services by a nonparticipating provider at the request of a newly covered insured under a group insurance policy. The bill would require a health care service plan and a health insurer to arrange for the completion of covered services by a nonparticipating provider for a newly covered enrollee and a newly covered insured under an individual health care service plan contract or insurance policy whose prior coverage was terminated between January 1, 2013, and March 31, 2014, inclusive.

Because a willful violation of these provisions by a health care service plan would, in part, be a crime, this bill would impose a state-mandated local program.

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.

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

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

- 1 SECTION 1. Section 1373.96 of the Health and Safety Code
- 2 is amended to read:
- 3 1373.96. (a) A health care service plan shall at the request of
- 4 an enrollee, provide the completion of covered services as set forth

1 in this section by a terminated provider or by a nonparticipating
2 provider.

3 (b) (1) The completion of covered services shall be provided
4 by a terminated provider to an enrollee who at the time of the
5 contract's termination, was receiving services from that provider
6 for one of the conditions described in subdivision (c).

7 (2) The completion of covered services shall be provided by a
8 nonparticipating provider to a newly covered enrollee who, at the
9 time his or her coverage became effective, was receiving services
10 from that provider for one of the conditions described in
11 subdivision (c).

12 (c) The health care service plan shall provide for the completion
13 of covered services for the following conditions:

14 (1) An acute condition. An acute condition is a medical
15 condition that involves a sudden onset of symptoms due to an
16 illness, injury, or other medical problem that requires prompt
17 medical attention and that has a limited duration. Completion of
18 covered services shall be provided for the duration of the acute
19 condition.

20 (2) A serious chronic condition. A serious chronic condition is
21 a medical condition due to a disease, illness, or other medical
22 problem or medical disorder that is serious in nature and that
23 persists without full cure or worsens over an extended period of
24 time or requires ongoing treatment to maintain remission or prevent
25 deterioration. Completion of covered services shall be provided
26 for a period of time necessary to complete a course of treatment
27 and to arrange for a safe transfer to another provider, as determined
28 by the health care service plan in consultation with the enrollee
29 and the terminated provider or nonparticipating provider and
30 consistent with good professional practice. Completion of covered
31 services under this paragraph shall not exceed 12 months from the
32 contract termination date or 12 months from the effective date of
33 coverage for a newly covered enrollee.

34 (3) A pregnancy. A pregnancy is the three trimesters of
35 pregnancy and the immediate postpartum period. Completion of
36 covered services shall be provided for the duration of the
37 pregnancy.

38 (4) A terminal illness. A terminal illness is an incurable or
39 irreversible condition that has a high probability of causing death
40 within one year or less. Completion of covered services shall be

1 provided for the duration of a terminal illness, which may exceed
2 12 months from the contract termination date or 12 months from
3 the effective date of coverage for a new enrollee.

4 (5) The care of a newborn child between birth and age 36
5 months. Completion of covered services under this paragraph shall
6 not exceed 12 months from the contract termination date or 12
7 months from the effective date of coverage for a newly covered
8 enrollee.

9 (6) Performance of a surgery or other procedure that is
10 authorized by the plan as part of a documented course of treatment
11 and has been recommended and documented by the provider to
12 occur within 180 days of the contract's termination date or within
13 180 days of the effective date of coverage for a newly covered
14 enrollee.

15 (d) (1) The plan may require the terminated provider whose
16 services are continued beyond the contract termination date
17 pursuant to this section to agree in writing to be subject to the same
18 contractual terms and conditions that were imposed upon the
19 provider prior to termination, including, but not limited to,
20 credentialing, hospital privileging, utilization review, peer review,
21 and quality assurance requirements. If the terminated provider
22 does not agree to comply or does not comply with these contractual
23 terms and conditions, the plan is not required to continue the
24 provider's services beyond the contract termination date.

25 (2) Unless otherwise agreed by the terminated provider and the
26 plan or by the individual provider and the provider group, the
27 services rendered pursuant to this section shall be compensated at
28 rates and methods of payment similar to those used by the plan or
29 the provider group for currently contracting providers providing
30 similar services who are not capitated and who are practicing in
31 the same or a similar geographic area as the terminated provider.
32 Neither the plan nor the provider group is required to continue the
33 services of a terminated provider if the provider does not accept
34 the payment rates provided for in this paragraph.

35 (e) (1) The plan may require a nonparticipating provider whose
36 services are continued pursuant to this section for a newly covered
37 enrollee to agree in writing to be subject to the same contractual
38 terms and conditions that are imposed upon currently contracting
39 providers providing similar services who are not capitated and
40 who are practicing in the same or a similar geographic area as the

1 nonparticipating provider, including, but not limited to,
2 credentialing, hospital privileging, utilization review, peer review,
3 and quality assurance requirements. If the nonparticipating provider
4 does not agree to comply or does not comply with these contractual
5 terms and conditions, the plan is not required to continue the
6 provider's services.

7 (2) Unless otherwise agreed upon by the nonparticipating
8 provider and the plan or by the nonparticipating provider and the
9 provider group, the services rendered pursuant to this section shall
10 be compensated at rates and methods of payment similar to those
11 used by the plan or the provider group for currently contracting
12 providers providing similar services who are not capitated and
13 who are practicing in the same or a similar geographic area as the
14 nonparticipating provider. Neither the plan nor the provider group
15 is required to continue the services of a nonparticipating provider
16 if the provider does not accept the payment rates provided for in
17 this paragraph.

18 (f) The amount of, and the requirement for payment of,
19 copayments, deductibles, or other cost sharing components during
20 the period of completion of covered services with a terminated
21 provider or a nonparticipating provider are the same as would be
22 paid by the enrollee if receiving care from a provider currently
23 contracting with or employed by the plan.

24 (g) If a plan delegates the responsibility of complying with this
25 section to a provider group, the plan shall ensure that the
26 requirements of this section are met.

27 (h) This section shall not require a plan to provide for
28 completion of covered services by a provider whose contract with
29 the plan or provider group has been terminated or not renewed for
30 reasons relating to a medical disciplinary cause or reason, as
31 defined in paragraph (6) of subdivision (a) of Section 805 of the
32 Business and Profession Code, or fraud or other criminal activity.

33 (i) This section shall not require a plan to cover services or
34 provide benefits that are not otherwise covered under the terms
35 and conditions of the plan contract. ~~This~~ *Except as provided in*
36 *subdivision (k), this* section shall not apply to a newly covered
37 enrollee covered under an individual subscriber agreement who is
38 undergoing a course of treatment on the effective date of his or
39 her coverage for a condition described in subdivision (c).

1 ~~(j) This section shall not apply to a newly covered enrollee who~~
 2 ~~is offered an out-of-network option or to a newly covered enrollee~~
 3 ~~who had the option to continue with his or her previous health plan~~
 4 ~~or provider and instead voluntarily chose to change health plans.~~

5 ~~(k)~~

6 (j) The provisions contained in this section are in addition to
 7 any other responsibilities of a health care service plan to provide
 8 continuity of care pursuant to this chapter. Nothing in this section
 9 shall preclude a plan from providing continuity of care beyond the
 10 requirements of this section.

11 (k) (1) *A health care service plan shall, at the request of a newly*
 12 *covered enrollee under an individual health care service plan*
 13 *contract, arrange for the completion of covered services by a*
 14 *nonparticipating provider for one of the conditions described in*
 15 *subdivision (c) if the newly covered enrollee meets both of the*
 16 *following:*

17 (A) *The newly covered enrollee's prior coverage was terminated*
 18 *between January 1, 2013, and March 31, 2014, inclusive.*

19 (B) *At the time his or her coverage became effective, the newly*
 20 *covered enrollee was receiving services from that provider for one*
 21 *of the conditions described in subdivision (c).*

22 (2) *A violation of this subdivision does not constitute a crime*
 23 *under Section 1390.*

24 (l) The following definitions apply for the purposes of this
 25 section:

26 (1) "Individual provider" means a person who is a licentiate, as
 27 defined in Section 805 of the Business and Professions Code, or
 28 a person licensed under Chapter 2 (commencing with Section
 29 1000) of Division 2 of the Business and Professions Code.

30 (2) "Nonparticipating provider" means a provider who is not
 31 contracted with a health care service plan. *A nonparticipating*
 32 *provider does not include a terminated provider.*

33 (3) "Provider" shall have the same meaning as set forth in
 34 subdivision (i) of Section 1345.

35 (4) "Provider group" means a medical group, independent
 36 practice association, or any other similar organization.

37 (5) "Terminated provider" *means a provider whose contract*
 38 *to provide services to enrollees is terminated or not renewed by*
 39 *the plan or one of the plan's contracting provider groups.*

1 *SEC. 2. Section 10133.56 of the Insurance Code is amended*
2 *to read:*

3 10133.56. (a) A health insurer that enters into a contract with
4 a professional or institutional provider to provide services at
5 alternative rates of payment pursuant to Section 10133 shall, at
6 the request of an insured, arrange for the completion of covered
7 services by a terminated provider, if the insured is undergoing a
8 course of treatment for any of the following conditions:

9 (1) An acute condition. An acute condition is a medical
10 condition that involves a sudden onset of symptoms due to an
11 illness, injury, or other medical problem that requires prompt
12 medical attention and that has a limited duration. Completion of
13 covered services shall be provided for the duration of the acute
14 condition.

15 (2) A serious chronic condition. A serious chronic condition is
16 a medical condition due to a disease, illness, or other medical
17 problem or medical disorder that is serious in nature and that
18 persists without full cure or worsens over an extended period of
19 time or requires ongoing treatment to maintain remission or prevent
20 deterioration. Completion of covered services shall be provided
21 for a period of time necessary to complete a course of treatment
22 and to arrange for a safe transfer to another provider, as determined
23 by the health insurer in consultation with the insured and the
24 terminated provider and consistent with good professional practice.
25 Completion of covered services under this paragraph shall not
26 exceed 12 months from the contract termination date.

27 (3) A pregnancy. A pregnancy is the three trimesters of
28 pregnancy and the immediate postpartum period. Completion of
29 covered services shall be provided for the duration of the
30 pregnancy.

31 (4) A terminal illness. A terminal illness is an incurable or
32 irreversible condition that has a high probability of causing death
33 within one year or less. Completion of covered services shall be
34 provided for the duration of a terminal illness, which may exceed
35 12 months from the contract termination date.

36 (5) The care of a newborn child between birth and age 36
37 months. Completion of covered services under this paragraph shall
38 not exceed 12 months from the contract termination date.

1 (6) Performance of a surgery or other procedure that has been
2 recommended and documented by the provider to occur within
3 180 days of the contract’s termination date.

4 (b) The insurer may require the terminated provider whose
5 services are continued beyond the contract termination date
6 pursuant to this section, to agree in writing to be subject to the
7 same contractual terms and conditions that were imposed upon
8 the provider prior to termination, including, but not limited to,
9 credentialing, hospital privileging, utilization review, peer review,
10 and quality assurance requirements. If the terminated provider
11 does not agree to comply or does not comply with these contractual
12 terms and conditions, the insurer is not required to continue the
13 provider’s services beyond the contract termination date.

14 (c) Unless otherwise agreed upon between the terminated
15 provider and the insurer or between the terminated provider and
16 the provider group, the agreement shall be construed to require a
17 rate and method of payment to the terminated provider, for the
18 services rendered pursuant to this section, that are the same as the
19 rate and method of payment for the same services while under
20 contract with the insurer and at the time of termination. The
21 provider shall accept the reimbursement as payment in full and
22 shall not bill the insured for any amount in excess of the
23 reimbursement rate, with the exception of copayments and
24 deductibles pursuant to subdivision (e).

25 (d) Notice as to the process by which an insured may request
26 completion of covered services pursuant to this section shall be
27 provided in any insurer evidence of coverage and disclosure form
28 issued after March 31, 2004. An insurer shall provide a written
29 copy of this information to its contracting providers and provider
30 groups. An insurer shall also provide a copy to its insureds upon
31 request.

32 (e) The payment of copayments, deductibles, or other
33 cost-sharing components by the insured during the period of
34 completion of covered services with a terminated provider shall
35 be the same copayments, deductibles, or other cost-sharing
36 components that would be paid by the insured when receiving care
37 from a provider currently contracting with the insurer.

38 (f) If an insurer delegates the responsibility of complying with
39 this section to its contracting entities, the insurer shall ensure that
40 the requirements of this section are met.

1 (g) For the purposes of this section, the following terms have
2 the following meanings:

3 (1) “Provider” means a person who is a licentiate as defined in
4 Section 805 of the Business and Professions Code or a person
5 licensed under Chapter 2 (commencing with Section 1000) of
6 Division 2 of the Business and Professions Code.

7 (2) “*Provider group*” includes a medical group, independent
8 practice association, or any other similar organization.

9 (3) “*Nonparticipating provider*” means a provider who does
10 not have a contract with an insurer to provide services to insureds.
11 A nonparticipating provider does not include a terminated
12 provider.

13 ~~(2)~~

14 (4) “Terminated provider” means a provider whose contract to
15 provide services to insureds is terminated or not renewed by the
16 insurer or one of the insurer’s contracting provider groups. ~~A~~
17 ~~terminated provider is not a provider who voluntarily leaves the~~
18 ~~insurer or contracting provider group.~~

19 ~~(3) “Provider group” includes a medical group, independent~~
20 ~~practice association, or any other similar organization.~~

21 (h) This section shall not require an insurer or provider group
22 to provide for the completion of covered services by a provider
23 whose contract with the insurer or provider group has been
24 terminated or not renewed for reasons relating to medical
25 disciplinary cause or reason, as defined in paragraph (6) of
26 subdivision (a) of Section 805 of the Business and Professions
27 Code, or fraud or other criminal activity.

28 (i) This section shall not require an insurer to cover services or
29 provide benefits that are not otherwise covered under the terms
30 and conditions of the insurer contract.

31 (j) The provisions contained in this section are in addition to
32 any other responsibilities of insurers to provide continuity of care
33 pursuant to this chapter. Nothing in this section shall preclude an
34 insurer from providing continuity of care beyond the requirements
35 of this section.

36 (k) (1) *A health insurer shall, at the request of a newly covered*
37 *insured under a group insurance policy, arrange for the completion*
38 *of covered services by a nonparticipating provider for one of the*
39 *conditions described in subdivision (a).*

1 (2) A health insurer shall, at the request of a newly covered
2 insured under an individual insurance policy, arrange for the
3 completion of covered services by a nonparticipating provider for
4 one of the conditions described in subdivision (a) if the newly
5 covered insured meets both of the following:

6 (A) The newly covered insured's prior coverage was terminated
7 between January 1, 2013, and March 31, 2014.

8 (B) At the time his or her coverage became effective, the newly
9 covered insured was receiving services from that provider for one
10 of the conditions described in subdivision (a).

11 (3) (A) The insurer may require a nonparticipating provider
12 whose services are continued pursuant to this section for a newly
13 covered insured to agree in writing to be subject to the same
14 contractual terms and conditions that are imposed upon currently
15 participating providers providing similar services who are
16 practicing in the same or a similar geographic area as the
17 nonparticipating provider, including, but not limited to,
18 credentialing, hospital privileging, utilization review, peer review,
19 and quality assurance requirements. If the nonparticipating
20 provider does not agree to comply or does not comply with these
21 contractual terms and conditions, the insurer is not required to
22 continue the provider's services.

23 (B) Unless otherwise agreed upon by the nonparticipating
24 provider and the insurer or by the nonparticipating provider and
25 the provider group, the services rendered pursuant to this section
26 shall be compensated at rates and methods of payment similar to
27 those used by the insurer or the provider group for currently
28 participating providers providing similar services who are
29 practicing in the same or a similar geographic area as the
30 nonparticipating provider. Neither the insurer nor the provider
31 group is required to continue the services of a nonparticipating
32 provider if the provider does not accept the payment rates provided
33 for in this paragraph. The provider shall accept the reimbursement
34 as payment in full and shall not bill the insured for any amount in
35 excess of the reimbursement rate, with the exception of copayments
36 and deductibles pursuant to subdivision (e).

37 SEC. 3. No reimbursement is required by this act pursuant to
38 Section 6 of Article XIII B of the California Constitution because
39 the only costs that may be incurred by a local agency or school
40 district will be incurred because this act creates a new crime or

1 *infraction, eliminates a crime or infraction, or changes the penalty*
2 *for a crime or infraction, within the meaning of Section 17556 of*
3 *the Government Code, or changes the definition of a crime within*
4 *the meaning of Section 6 of Article XIII B of the California*
5 *Constitution.*

6 ~~SECTION 1. Section 100503 of the Government Code is~~
7 ~~amended to read:~~

8 ~~100503. In addition to meeting the minimum requirements of~~
9 ~~Section 1311 of the federal act, the board shall do all of the~~
10 ~~following:~~

11 ~~(a) Determine the criteria and process for eligibility, enrollment,~~
12 ~~and disenrollment of enrollees and potential enrollees in the~~
13 ~~Exchange and coordinate that process with the state and local~~
14 ~~government entities administering other health care coverage~~
15 ~~programs, including the State Department of Health Care Services,~~
16 ~~the Managed Risk Medical Insurance Board, and California~~
17 ~~counties, in order to ensure consistent eligibility and enrollment~~
18 ~~processes and seamless transitions between coverage.~~

19 ~~(b) Develop processes to coordinate with the county entities~~
20 ~~that administer eligibility for the Medi-Cal program and the entity~~
21 ~~that determines eligibility for the Healthy Families Program,~~
22 ~~including, but not limited to, processes for case transfer, referral,~~
23 ~~and enrollment in the Exchange of individuals applying for~~
24 ~~assistance to those entities, if allowed or required by federal law.~~

25 ~~(c) Determine the minimum requirements a carrier must meet~~
26 ~~to be considered for participation in the Exchange, and the~~
27 ~~standards and criteria for selecting qualified health plans to be~~
28 ~~offered through the Exchange that are in the best interests of~~
29 ~~qualified individuals and qualified small employers. The board~~
30 ~~shall consistently and uniformly apply these requirements,~~
31 ~~standards, and criteria to all carriers. In the course of selectively~~
32 ~~contracting for health care coverage offered to qualified individuals~~
33 ~~and qualified small employers through the Exchange, the board~~
34 ~~shall seek to contract with carriers so as to provide health care~~
35 ~~coverage choices that offer the optimal combination of choice,~~
36 ~~value, quality, and service.~~

37 ~~(d) Provide, in each region of the state, a choice of qualified~~
38 ~~health plans at each of the five levels of coverage contained in~~
39 ~~subdivisions (d) and (e) of Section 1302 of the federal act.~~

1 ~~(e) Require, as a condition of participation in the Exchange,~~
2 ~~carriers to fairly and affirmatively offer, market, and sell in the~~
3 ~~Exchange at least one product within each of the five levels of~~
4 ~~coverage contained in subdivisions (d) and (e) of Section 1302 of~~
5 ~~the federal act. The board may require carriers to offer additional~~
6 ~~products within each of those five levels of coverage. This~~
7 ~~subdivision shall not apply to a carrier that solely offers~~
8 ~~supplemental coverage in the Exchange under paragraph (10) of~~
9 ~~subdivision (a) of Section 100504.~~

10 ~~(f) (1) Require, as a condition of participation in the Exchange,~~
11 ~~carriers that sell any products outside the Exchange to do both of~~
12 ~~the following:~~

13 ~~(A) Fairly and affirmatively offer, market, and sell all products~~
14 ~~made available to individuals in the Exchange to individuals~~
15 ~~purchasing coverage outside the Exchange.~~

16 ~~(B) Fairly and affirmatively offer, market, and sell all products~~
17 ~~made available to small employers in the Exchange to small~~
18 ~~employers purchasing coverage outside the Exchange.~~

19 ~~(2) For purposes of this subdivision, “product” does not include~~
20 ~~contracts entered into pursuant to Part 6.2 (commencing with~~
21 ~~Section 12693) of Division 2 of the Insurance Code between the~~
22 ~~Managed Risk Medical Insurance Board and carriers for enrolled~~
23 ~~Healthy Families beneficiaries or contracts entered into pursuant~~
24 ~~to Chapter 7 (commencing with Section 14000) of, or Chapter 8~~
25 ~~(commencing with Section 14200) of, Part 3 of Division 9 of the~~
26 ~~Welfare and Institutions Code between the State Department of~~
27 ~~Health Care Services and carriers for enrolled Medi-Cal~~
28 ~~beneficiaries.~~

29 ~~(g) Determine when an enrollee’s coverage commences and the~~
30 ~~extent and scope of coverage.~~

31 ~~(h) Provide for the processing of applications and the enrollment~~
32 ~~and disenrollment of enrollees.~~

33 ~~(i) Determine and approve cost-sharing provisions for qualified~~
34 ~~health plans.~~

35 ~~(j) Establish uniform billing and payment policies for qualified~~
36 ~~health plans offered in the Exchange to ensure consistent~~
37 ~~enrollment and disenrollment activities for individuals enrolled in~~
38 ~~the Exchange.~~

39 ~~(k) Undertake activities necessary to market and publicize the~~
40 ~~availability of health care coverage and federal subsidies through~~

1 the Exchange. The board shall also undertake outreach and
2 enrollment activities that seek to assist enrollees and potential
3 enrollees with enrolling and reenrolling in the Exchange in the
4 least burdensome manner, including populations that may
5 experience barriers to enrollment, such as the disabled and those
6 with limited English language proficiency.

7 (l) Select and set performance standards and compensation for
8 navigators selected under subdivision (l) of Section 100502.

9 (m) Employ necessary staff.

10 (1) The board shall hire a chief fiscal officer, a chief operations
11 officer, a director for the SHOP Exchange, a director of Health
12 Plan Contracting, a chief technology and information officer, a
13 general counsel, and other key executive positions, as determined
14 by the board, who shall be exempt from civil service.

15 (2) (A) The board shall set the salaries for the exempt positions
16 described in paragraph (1) and subdivision (i) of Section 100500
17 in amounts that are reasonably necessary to attract and retain
18 individuals of superior qualifications. The salaries shall be
19 published by the board in the board's annual budget. The board's
20 annual budget shall be posted on the Internet Web site of the
21 Exchange. To determine the compensation for these positions, the
22 board shall cause to be conducted, through the use of independent
23 outside advisors, salary surveys of both of the following:

24 (i) Other state and federal health insurance exchanges that are
25 most comparable to the Exchange.

26 (ii) Other relevant labor pools.

27 (B) The salaries established by the board under subparagraph
28 (A) shall not exceed the highest comparable salary for a position
29 of that type, as determined by the surveys conducted pursuant to
30 subparagraph (A).

31 (C) The Department of Human Resources shall review the
32 methodology used in the surveys conducted pursuant to
33 subparagraph (A).

34 (3) The positions described in paragraph (1) and subdivision (i)
35 of Section 100500 shall not be subject to otherwise applicable
36 provisions of the Government Code or the Public Contract Code
37 and, for those purposes, the Exchange shall not be considered a
38 state agency or public entity.

39 (n) Assess a charge on the qualified health plans offered by
40 carriers that is reasonable and necessary to support the

1 development, operations, and prudent cash management of the
2 Exchange. This charge shall not affect the requirement under
3 Section 1301 of the federal act that carriers charge the same
4 premium rate for each qualified health plan whether offered inside
5 or outside the Exchange.

6 ~~(o) Authorize expenditures, as necessary, from the California
7 Health Trust Fund to pay program expenses to administer the
8 Exchange.~~

9 ~~(p) Keep an accurate accounting of all activities, receipts, and
10 expenditures, and annually submit to the United States Secretary
11 of Health and Human Services a report concerning that accounting.
12 Commencing January 1, 2016, the board shall conduct an annual
13 audit.~~

14 ~~(q) (1) Annually prepare a written report on the implementation
15 and performance of the Exchange functions during the preceding
16 fiscal year, including, at a minimum, the manner in which funds
17 were expended and the progress toward, and the achievement of,
18 the requirements of this title. This report shall be transmitted to
19 the Legislature and the Governor and shall be made available to
20 the public on the Internet Web site of the Exchange. A report made
21 to the Legislature pursuant to this subdivision shall be submitted
22 pursuant to Section 9795.~~

23 ~~(2) In addition to the report described in paragraph (1), the board
24 shall be responsive to requests for additional information from the
25 Legislature, including providing testimony and commenting on
26 proposed state legislation or policy issues. The Legislature finds
27 and declares that activities including, but not limited to, responding
28 to legislative or executive inquiries, tracking and commenting on
29 legislation and regulatory activities, and preparing reports on the
30 implementation of this title and the performance of the Exchange,
31 are necessary state requirements and are distinct from the
32 promotion of legislative or regulatory modifications referred to in
33 subdivision (d) of Section 100520.~~

34 ~~(r) Maintain enrollment and expenditures to ensure that
35 expenditures do not exceed the amount of revenue in the fund, and
36 if sufficient revenue is not available to pay estimated expenditures,
37 institute appropriate measures to ensure fiscal solvency.~~

38 ~~(s) Exercise all powers reasonably necessary to carry out and
39 comply with the duties, responsibilities, and requirements of this
40 title and the federal act.~~

- 1 ~~(t) Consult with stakeholders relevant to carrying out the~~
2 ~~activities under this title, including, but not limited to, all of the~~
3 ~~following:~~
- 4 ~~(1) Health care consumers who are enrolled in health plans.~~
 - 5 ~~(2) Individuals and entities with experience in facilitating~~
6 ~~enrollment in health plans.~~
 - 7 ~~(3) Representatives of small businesses and self-employed~~
8 ~~individuals.~~
 - 9 ~~(4) The State Medi-Cal Director.~~
 - 10 ~~(5) Advocates for enrolling hard-to-reach populations.~~
- 11 ~~(u) Facilitate the purchase of qualified health plans in the~~
12 ~~Exchange by qualified individuals and qualified small employers~~
13 ~~no later than January 1, 2014.~~
- 14 ~~(v) Report, or contract with an independent entity to report, to~~
15 ~~the Legislature by March 1, 2019, on whether to adopt the option~~
16 ~~in paragraph (3) of subdivision (c) of Section 1312 of the federal~~
17 ~~act to merge the individual and small employer markets. In its~~
18 ~~report, the board shall provide information, based on at least two~~
19 ~~years of data from the Exchange, on the potential impact on rates~~
20 ~~paid by individuals and by small employers in a merged individual~~
21 ~~and small employer market, as compared to the rates paid by~~
22 ~~individuals and small employers if a separate individual and small~~
23 ~~employer market is maintained. A report made pursuant to this~~
24 ~~subdivision shall be submitted pursuant to Section 9795.~~
- 25 ~~(w) With respect to the SHOP Program, collect premiums and~~
26 ~~administer all other necessary and related tasks, including, but not~~
27 ~~limited to, enrollment and plan payment, in order to make the~~
28 ~~offering of employee plan choice as simple as possible for qualified~~
29 ~~small employers.~~
- 30 ~~(x) Require carriers participating in the Exchange to immediately~~
31 ~~notify the Exchange, under the terms and conditions established~~
32 ~~by the board, when an individual is or will be enrolled in or~~
33 ~~disenrolled from any qualified health plan offered by the carrier.~~
- 34 ~~(y) Ensure that the Exchange provides oral interpretation~~
35 ~~services in any language for individuals seeking coverage through~~
36 ~~the Exchange and makes available a toll-free telephone number~~
37 ~~for the hearing and speech impaired. The board shall ensure that~~
38 ~~written information made available by the Exchange is presented~~
39 ~~in a plainly worded, easily understandable format and made~~
40 ~~available in prevalent languages.~~

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CHIEF CONSULTANT
TERI BOUGHTON

CONSULTANTS
MARJORIE SWARTZ
ROSIELYN PULMANO
LARA FLYNN
BENJAMIN RUSSELL

SECRETARIES
PATTY RODGERS
MARSHALL KIRKLAND

Assembly
California Legislature



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SCOTT WILK

January 6, 2014

Honorable Richard Gordon, Chair
Assembly Committee on Rules
State Capitol, Room 3016
Sacramento, CA 95814

Dear Chairman Gordon,

I respectfully request approval to add an urgency clause to my bill AB 369 (Pan) which relates to continuity of care for patients with serious illnesses or conditions.

This bill requires a health plan or health insurer, at the request of a new enrollee or insured under an individual plan contract or policy, to arrange for the completion of covered services by a nonparticipating provider for those same conditions as in the case of a terminated provider if the newly covered enrollee's/insured's prior coverage was terminated between January 1, 2013 and March 31, 2014 and the newly covered enrollee/insured was receiving services from that provider for the specified conditions. This bill also makes it clear in the Insurance Code that a health insurer is required at the request of a newly covered insured under a group insurance policy to arrange for the completion of covered services by a nonparticipating provider for the specified conditions.

The urgency is necessary in order to implement the bill as soon as possible to ensure that people who are forced to change health insurance plans who are in the middle of treatment for serious conditions such as cancer can maintain their health care provider, even if the provider is not participating in the new health plan.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Pan".

Richard Pan, M.D., Chair
Assembly Committee on Health

AMENDED IN ASSEMBLY AUGUST 21, 2013

AMENDED IN ASSEMBLY AUGUST 7, 2013

AMENDED IN ASSEMBLY JULY 2, 2013

AMENDED IN SENATE MAY 6, 2013

AMENDED IN SENATE APRIL 9, 2013

SENATE BILL

No. 27

Introduced by Senator Correa

December 3, 2012

An act to amend Section 9084 of the Elections Code, and to amend Sections ~~81004~~, 82015, 82048.7, 84105, and 88001 of, and to add Sections 84222 and 84223 to, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 27, as amended, Correa. Political Reform Act of 1974.

(1) Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures, as defined, and imposing other reporting and recordkeeping requirements on campaign committees, as defined. The Fair Political Practices Commission administers and enforces the act. A violation of the act's provisions is punishable as a misdemeanor.

This bill would revise the definition of "contribution" to include certain payments made by a person to a multipurpose organization, as specified.

This bill would require multipurpose organizations that meet specified criteria to comply with the registration and campaign reporting

requirements of the act, as specified, including the disclosure of information relating to the organization's donors.

This bill would require state ballot measure committees and state candidate committees that raise \$1,000,000 or more for an election to maintain an accurate list of the committee's top 10 contributors. This bill would require a committee to provide accurate lists of these contributors to the Commission, and would require the Commission to post the top 10 contributor lists on its Internet Web site, as specified, and to post updates to those lists when prescribed events occur. The bill would require the Commission to provide copies of the top 10 contributor lists to the Secretary of State, at the Secretary of State's request, for purposes of posting those lists on the Secretary of State's Internet Web site.

(2) The act requires a candidate or committee that receives contributions of \$5,000 or more from any person to inform the contributor within 2 weeks that he or she may be subject to the act's reporting requirements.

This bill would require that the candidate or committee inform the contributor within one week for a contribution of \$10,000 or more received during the period in which late contribution reports must be filed. The bill would also require the notifications to reference the reporting requirements for multipurpose organizations.

(3) Existing law requires the Secretary of State to prepare a ballot pamphlet that includes specified information with respect to an election.

This bill would require the Secretary of State to include in the ballot pamphlet a written explanation of the top 10 contributor lists required by the bill, including a description of the Internet Web sites where those lists would be available to the public.

(4) 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.

(5) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Multipurpose organizations, including out-of-state
4 organizations, are increasing their political activities in California,
5 and it is important to clarify how disclosure requirements apply
6 to these organizations to ensure that the public receives the required
7 information in an accurate, timely, and transparent manner.

8 (b) The Ninth Circuit Court of Appeals, in California Pro-Life
9 Council, Inc. v. Randolph (9th Cir. 2007) 507 F.3d 1172, upheld
10 the disclosure of a multipurpose organization's political activities,
11 as required by regulations of the Fair Political Practices
12 Commission.

13 (c) The disclosure of donors to multipurpose organizations that
14 make contributions or expenditures to support or oppose California
15 candidates and ballot measures serves the following important
16 purposes:

17 (1) It provides the electorate with information as to where
18 campaign money comes from, increasing its ability to identify the
19 supporters of a candidate or ballot measure.

20 (2) It deters actual corruption and avoids the appearance of
21 corruption by providing increased transparency of contributions
22 and expenditures.

23 (3) It is an important means of gathering the information
24 necessary to detect violations of the Political Reform Act of 1974.

25 (d) The people of California have a compelling interest in
26 receiving clear and easy to use information about who is financing
27 state ballot measures and candidate independent expenditure
28 committees.

29 (e) It is therefore the intent of the Legislature to strengthen the
30 laws requiring the disclosure of contributions and expenditures in
31 California elections by multipurpose organizations and to require
32 committees that raise or spend one million dollars (\$1,000,000)
33 or more to support or oppose state ballot measures or make
34 independent expenditures on behalf of a state candidate to disclose
35 a list of their top 10 contributors on the Internet Web site of the
36 Fair Political Practices Commission.

37 SEC. 2. Section 9084 of the Elections Code is amended to read:

38 9084. The ballot pamphlet shall contain all of the following:

- 1 (a) A complete copy of each state measure.
- 2 (b) A copy of the specific constitutional or statutory provision,
3 if any, that each state measure would repeal or revise.
- 4 (c) A copy of the arguments and rebuttals for and against each
5 state measure.
- 6 (d) A copy of the analysis of each state measure.
- 7 (e) Tables of contents, indexes, art work, graphics, and other
8 materials that the Secretary of State determines will make the ballot
9 pamphlet easier to understand or more useful for the average voter.
- 10 (f) A notice, conspicuously printed on the cover of the ballot
11 pamphlet, indicating that additional copies of the ballot pamphlet
12 will be mailed by the county elections official upon request.
- 13 (g) A written explanation of the judicial retention procedure as
14 required by Section 9083.
- 15 (h) The Voter Bill of Rights pursuant to Section 2300.
- 16 (i) If the ballot contains an election for the office of United
17 States Senator, information on candidates for United States Senator.
18 A candidate for United States Senator may purchase the space to
19 place a statement in the state ballot pamphlet that does not exceed
20 250 words. The statement may not make any reference to any
21 opponent of the candidate. The statement shall be submitted in
22 accordance with timeframes and procedures set forth by the
23 Secretary of State for the preparation of the state ballot pamphlet.
- 24 (j) If the ballot contains a question on the confirmation or
25 retention of a justice of the Supreme Court, information on justices
26 of the Supreme Court who are subject to confirmation or retention.
- 27 (k) If the ballot contains an election for the offices of President
28 and Vice President of the United States, a notice that refers voters
29 to the Secretary of State's Internet Web site for information about
30 candidates for the offices of President and Vice President of the
31 United States.
- 32 (l) A written explanation of the appropriate election procedures
33 for party-nominated, voter-nominated, and nonpartisan offices as
34 required by Section 9083.5.
- 35 (m) A written explanation of the top 10 contributor lists required
36 by Section 84223 of the Government Code, including a description
37 of the Internet Web sites where those lists are available to the
38 public.
- 39 ~~SEC. 3. Section 81004 of the Government Code is amended~~
40 ~~to read:~~

1 81004. (a) Each report or statement filed under this title shall
2 be signed under penalty of perjury and verified by the filer. The
3 verification shall state that the filer has used all reasonable
4 diligence in the preparation of the report or statement and that to
5 the best of his or her knowledge it is true and complete.

6 (b) A report or statement filed by a committee that qualifies
7 under subdivision (a) of Section 82013 shall be signed and verified
8 by the treasurer, and a report or statement filed by any other person
9 shall be signed and verified by the filer. If the filer is an entity
10 other than an individual, the report or statement shall be signed
11 and verified by a responsible officer of the entity or by an attorney
12 or a certified public accountant acting as agent for the entity. A
13 report or statement filed by a committee that qualifies under
14 subdivision (b) or (c) of Section 82013 shall be signed and verified
15 by a responsible officer of the committee. Every person who signs
16 and verifies any report or statement required to be filed under this
17 title which contains material matter which he or she knows to be
18 false is guilty of perjury.

19 *SEC. 3. Section 82015 of the Government Code is amended to*
20 *read:*

21 82015. (a) “Contribution” means a payment, a forgiveness of
22 a loan, a payment of a loan by a third party, or an enforceable
23 promise to make a payment except to the extent that full and
24 adequate consideration is received, unless it is clear from the
25 surrounding circumstances that it is not made for political purposes.

26 (b) (1) A payment made at the behest of a committee as defined
27 in subdivision (a) of Section 82013 is a contribution to the
28 committee unless full and adequate consideration is received from
29 the committee for making the payment.

30 (2) A payment made at the behest of a candidate is a contribution
31 to the candidate unless the criteria in either subparagraph (A) or
32 (B) are satisfied:

33 (A) Full and adequate consideration is received from the
34 candidate.

35 (B) It is clear from the surrounding circumstances that the
36 payment was made for purposes unrelated to his or her candidacy
37 for elective office. The following types of payments are presumed
38 to be for purposes unrelated to a candidate’s candidacy for elective
39 office:

1 (i) A payment made principally for personal purposes, in which
2 case it may be considered a gift under the provisions of Section
3 82028. Payments that are otherwise subject to the limits of Section
4 86203 are presumed to be principally for personal purposes.

5 (ii) A payment made by a state, local, or federal governmental
6 agency or by a nonprofit organization that is exempt from taxation
7 under Section 501(c)(3) of the Internal Revenue Code.

8 (iii) A payment not covered by clause (i), made principally for
9 legislative, governmental, or charitable purposes, in which case it
10 is neither a gift nor a contribution. However, payments of this type
11 that are made at the behest of a candidate who is an elected officer
12 shall be reported within 30 days following the date on which the
13 payment or payments equal or exceed five thousand dollars
14 (\$5,000) in the aggregate from the same source in the same
15 calendar year in which they are made. The report shall be filed by
16 the elected officer with the elected officer's agency and shall be
17 a public record subject to inspection and copying pursuant to
18 subdivision (a) of Section 81008. The report shall contain the
19 following information: name of payor, address of payor, amount
20 of the payment, date or dates the payment or payments were made,
21 the name and address of the payee, a brief description of the goods
22 or services provided or purchased, if any, and a description of the
23 specific purpose or event for which the payment or payments were
24 made. Once the five-thousand-dollar (\$5,000) aggregate threshold
25 from a single source has been reached for a calendar year, all
26 payments for the calendar year made by that source must be
27 disclosed within 30 days after the date the threshold was reached
28 or the payment was made, whichever occurs later. Within 30 days
29 after receipt of the report, state agencies shall forward a copy of
30 these reports to the Fair Political Practices Commission, and local
31 agencies shall forward a copy of these reports to the officer with
32 whom elected officers of that agency file their campaign
33 statements.

34 (C) For purposes of subparagraph (B), a payment is made for
35 purposes related to a candidate's candidacy for elective office if
36 all or a portion of the payment is used for election-related activities.
37 For purposes of this subparagraph, "election-related activities"
38 shall include, but are not limited to, the following:

- 1 (i) Communications that contain express advocacy of the
2 nomination or election of the candidate or the defeat of his or her
3 opponent.
- 4 (ii) Communications that contain reference to the candidate's
5 candidacy for elective office, the candidate's election campaign,
6 or the candidate's or his or her opponent's qualifications for
7 elective office.
- 8 (iii) Solicitation of contributions to the candidate or to third
9 persons for use in support of the candidate or in opposition to his
10 or her opponent.
- 11 (iv) Arranging, coordinating, developing, writing, distributing,
12 preparing, or planning of any communication or activity described
13 in clause (i), (ii), or (iii).
- 14 (v) Recruiting or coordinating campaign activities of campaign
15 volunteers on behalf of the candidate.
- 16 (vi) Preparing campaign budgets.
- 17 (vii) Preparing campaign finance disclosure statements.
- 18 (viii) Communications directed to voters or potential voters as
19 part of activities encouraging or assisting persons to vote if the
20 communication contains express advocacy of the nomination or
21 election of the candidate or the defeat of his or her opponent.
- 22 (D) A contribution made at the behest of a candidate for a
23 different candidate or to a committee not controlled by the
24 behesting candidate is not a contribution to the behesting candidate.
- 25 (3) A payment made at the behest of a member of the Public
26 Utilities Commission, made principally for legislative,
27 governmental, or charitable purposes, is not a contribution.
28 However, payments of this type shall be reported within 30 days
29 following the date on which the payment or payments equal or
30 exceed five thousand dollars (\$5,000) in the aggregate from the
31 same source in the same calendar year in which they are made.
32 The report shall be filed by the member with the Public Utilities
33 Commission and shall be a public record subject to inspection and
34 copying pursuant to subdivision (a) of Section 81008. The report
35 shall contain the following information: name of payor, address
36 of payor, amount of the payment, date or dates the payment or
37 payments were made, the name and address of the payee, a brief
38 description of the goods or services provided or purchased, if any,
39 and a description of the specific purpose or event for which the
40 payment or payments were made. Once the five-thousand-dollar

1 (\$5,000) aggregate threshold from a single source has been reached
2 for a calendar year, all payments for the calendar year made by
3 that source must be disclosed within 30 days after the date the
4 threshold was reached or the payment was made, whichever occurs
5 later. Within 30 days after receipt of the report, the Public Utilities
6 Commission shall forward a copy of these reports to the Fair
7 Political Practices Commission.

8 (c) “Contribution” includes the purchase of tickets for events
9 such as dinners, luncheons, rallies, and similar fundraising events;
10 the candidate’s own money or property used on behalf of his or
11 her candidacy other than personal funds of the candidate used to
12 pay either a filing fee for a declaration of candidacy or a candidate
13 statement prepared pursuant to Section 13307 of the Elections
14 Code; the granting of discounts or rebates not extended to the
15 public generally or the granting of discounts or rebates by television
16 and radio stations and newspapers not extended on an equal basis
17 to all candidates for the same office; the payment of compensation
18 by any person for the personal services or expenses of any other
19 person if the services are rendered or expenses incurred on behalf
20 of a candidate or committee without payment of full and adequate
21 consideration.

22 (d) “Contribution” further includes any transfer of anything of
23 value received by a committee from another committee, unless
24 full and adequate consideration is received.

25 (e) “Contribution” does not include amounts received pursuant
26 to an enforceable promise to the extent those amounts have been
27 previously reported as a contribution. However, the fact that those
28 amounts have been received shall be indicated in the appropriate
29 campaign statement.

30 (f) “Contribution” does not include a payment made by an
31 occupant of a home or office for costs related to any meeting or
32 fundraising event held in the occupant’s home or office if the costs
33 for the meeting or fundraising event are five hundred dollars (\$500)
34 or less.

35 (g) Notwithstanding the foregoing definition of “contribution,”
36 the term does not include volunteer personal services or payments
37 made by any individual for his or her own travel expenses if the
38 payments are made voluntarily without any understanding or
39 agreement that they shall be, directly or indirectly, repaid to him
40 or her.

1 (h) “Contribution” further includes the payment of public
2 moneys by a state or local governmental agency for a
3 communication to the public that satisfies both of the following:

4 (1) The communication expressly advocates the election or
5 defeat of a clearly identified candidate or the qualification, passage,
6 or defeat of a clearly identified measure, or, taken as a whole and
7 in context, unambiguously urges a particular result in an election.

8 (2) The communication is made at the behest of the affected
9 candidate or committee.

10 (i) *“Contribution” further includes a payment made by a person*
11 *to a multipurpose organization as defined and described in Section*
12 *84222.*

13 SEC. 4. Section 82048.7 of the Government Code is amended
14 to read:

15 82048.7. (a) “Sponsored committee” means a committee, other
16 than a candidate controlled committee, that has one or more
17 sponsors. Any person, except a candidate or other individual, may
18 sponsor a committee.

19 (b) A person sponsors a committee if any of the following apply:

20 (1) The committee receives 80 percent or more of its
21 contributions from the person or its members, officers, employees,
22 or shareholders.

23 (2) The person collects contributions for the committee by use
24 of payroll deductions or dues from its members, officers, or
25 employees.

26 (3) The person, alone or in combination with other organizations,
27 provides all or nearly all of the administrative services for the
28 committee.

29 (4) The person, alone or in combination with other organizations,
30 sets the policies for soliciting contributions or making expenditures
31 of committee funds.

32 ~~(e) A sponsor that is subject to the reporting requirements of~~
33 ~~subdivision (f) of Section 84222 and makes contributions or~~
34 ~~expenditures from the sponsor’s treasury funds shall report those~~
35 ~~contributions or expenditures either on the campaign statements~~
36 ~~of the sponsored committee, pursuant to subdivision (f) of Section~~
37 ~~84222, or on the sponsor’s own campaign statements.~~

38 (c) *A sponsor that is a multipurpose organization, as defined*
39 *in subdivision (a) of Section 84222, and that makes contributions*

1 *or expenditures from its general treasury funds shall comply with*
2 *Section 84222.*

3 SEC. 5. Section 84105 of the Government Code is amended
4 to read:

5 84105. A candidate or committee that receives contributions
6 of five thousand dollars (\$5,000) or more from any person shall
7 inform the contributor within two weeks of receipt of the
8 contributions that he or she may be required to file campaign
9 reports, and shall include a reference to the filing requirements for
10 multipurpose organizations under Section 84222. However, a
11 candidate or committee that receives a contribution of ten thousand
12 dollars (\$10,000) or more from any person during any period in
13 which late contribution reports are required to be filed pursuant to
14 Section 84203 shall provide the information to the contributor
15 within one week. The notification required by this section is not
16 required to be sent to any contributor who has an identification
17 number assigned by the Secretary of State issued pursuant to
18 Section 84101.

19 SEC. 6. Section 84222 is added to the Government Code, to
20 read:

21 84222. (a) For purposes of this title, “multipurpose
22 organization” means an organization described in Sections
23 501(c)(3) to 501(c)(10), inclusive, of the Internal Revenue Code
24 and that is exempt from taxation under Section 501(a) of the
25 Internal Revenue Code, a federal or out-of-state political
26 organization, a trade association, a professional association, a civic
27 organization, a religious organization, a fraternal society, an
28 educational institution, or any other association or group of persons
29 acting in concert, that is operating for purposes other than making
30 contributions or expenditures. “Multipurpose organization” does
31 not include a business entity, an individual, or a federal candidate’s
32 authorized committee, as defined in Section 431 of Title 2 of the
33 United States Code, that is registered and filing reports pursuant
34 to the Federal Election Campaign Act of 1971.

35 (b) A multipurpose organization that makes expenditures or
36 contributions and does not qualify as a committee pursuant to
37 subdivision (c) may qualify as an independent expenditure
38 committee or major donor committee if the multipurpose
39 organization satisfies subdivision (b) or (c) of Section 82013.

1 (c) ~~(1)~~ Except as provided in ~~paragraph (2)~~ *subparagraph (A)*
2 *of paragraph (5)*, a multipurpose organization is a recipient
3 committee within the meaning of subdivision (a) of Section 82013
4 only under one or more of the following circumstances:

5 ~~(A)~~

6 (1) The multipurpose organization is a political committee
7 registered with the Federal Election Commission, except as
8 provided in subdivision (a) of this section, or a political committee
9 registered with another state, and the multipurpose organization
10 makes contributions or expenditures in this state in an amount
11 equal to or greater than the amount identified in subdivision (a) of
12 Section 82013.

13 ~~(B)~~

14 (2) The multipurpose organization solicits and receives payments
15 from donors in an amount equal to or greater than the amount
16 identified in subdivision (a) of Section 82013 for the purpose of
17 making contributions or expenditures.

18 ~~(C)~~

19 (3) The multipurpose organization accepts payments from
20 donors in an amount equal to or greater than the amount identified
21 in subdivision (a) of Section 82013 subject to a condition,
22 agreement, or understanding with the donor that all or a portion
23 of the payments may be used for making contributions or
24 expenditures.

25 ~~(D)~~

26 (4) The multipurpose organization has existing funds from a
27 donor and a subsequent agreement or understanding is reached
28 with the donor that all or a portion of the funds may be used for
29 making contributions or expenditures in an amount equal to or
30 greater than the amount identified in subdivision (a) of Section
31 82013. The date of the subsequent agreement or understanding is
32 deemed to be the date of receipt of the payment.

33 ~~(E)~~

34 (5) The multipurpose organization makes contributions or
35 expenditures totaling more than fifty thousand dollars (\$50,000)
36 ~~in the preceding a period of 12 months or more than one hundred~~
37 ~~thousand dollars (\$100,000) in any consecutive four calendar year~~
38 ~~period a period of four consecutive calendar years.~~

39 ~~(2)~~(A) A multipurpose organization shall not qualify as a
40 committee within the meaning of subdivision (a) of Section 82013

1 pursuant to this ~~subdivision~~ *paragraph* if the multipurpose
 2 organization makes contributions or expenditures using only
 3 available nondonor funds. A multipurpose organization that makes
 4 contributions or expenditures with nondonor funds shall ~~identify~~
 5 *briefly describe* the source ~~or sources~~ of the funds used for the
 6 ~~contribution or expenditure~~ on its major donor or independent
 7 expenditure report.

8 (B) For purposes of this ~~subdivision~~ *paragraph*, “nondonor
 9 funds” means investment income, including capital gains, or
 10 income earned from providing goods, services, or facilities,
 11 whether related or unrelated to the multipurpose organization’s
 12 program, sale of assets, or other receipts that are not ~~derived from~~
 13 donations.

14 (d) A multipurpose organization that is a committee pursuant
 15 to ~~subparagraph (A)~~ of paragraph (1) of subdivision (c) shall
 16 comply with the registration and reporting requirements of this
 17 chapter, subject to the following:

18 (1) The multipurpose organization is not required to comply
 19 with subdivision (k) of Section 84211 for contributions and
 20 expenditures made to influence federal or out-of-state elections,
 21 which shall instead be reported as a single expenditure and be
 22 described as such on the campaign statement.

23 (2) A multipurpose organization registered with the Federal
 24 Election Commission is not subject to subdivisions (d) and (f) of
 25 Section 84211 but shall disclose the total amount of contributions
 26 received pursuant to subdivision ~~(e)~~ (a) of Section 84211, and shall
 27 disclose the multipurpose organization’s name and identification
 28 number registered with the Federal Election Commission on the
 29 campaign statement.

30 (e) (1) A multipurpose organization that is a committee pursuant
 31 to ~~subparagraph (B), (C), (D), or (E)~~ of paragraph (1) *paragraph*
 32 (2), (3), (4), or (5) of subdivision (c) shall comply with the
 33 registration and reporting requirements of this chapter, subject to
 34 the following, except that if the multipurpose organization is the
 35 sponsor of a committee as described in subdivision (f) it may report
 36 required information on its sponsored committee statement
 37 pursuant to subdivision (f):

38 (A) The multipurpose organization shall register in the calendar
 39 year in which it satisfies any of the criteria in ~~paragraph (1)~~ of
 40 subdivision (c). The statement of organization filed pursuant to

1 Section 84101 shall indicate that the organization is filing pursuant
2 to this section as a multipurpose organization and state the
3 organization's nonprofit tax exempt status, if any. The statement
4 of organization shall also describe the organization's mission or
5 most significant activities, and describe the organization's political
6 activities. A multipurpose organization may comply with the
7 requirement to describe the mission or significant activities and
8 political activities by referencing where the organization's Internal
9 Revenue Service Return of Organization Exempt From Income
10 Tax form may be accessed.

11 (B) Except as provided in this subparagraph, the registration of
12 a multipurpose organization that meets the criteria of ~~subparagraph~~
13 ~~(E) of paragraph (1) paragraph (5)~~ of subdivision (c) shall
14 terminate automatically on December 31 of the calendar year in
15 which the multipurpose organization is registered. The
16 multipurpose organization shall not be required to file a semiannual
17 statement pursuant to subdivision (b) of Section 84200, unless the
18 multipurpose organization has undisclosed contributions or
19 expenditures to report, in which case termination shall occur
20 automatically upon filing the semiannual statement that is due no
21 later than January 31. After the multipurpose organization's
22 registration has terminated, the multipurpose organization's
23 reporting obligations are complete, unless the organization qualifies
24 as a committee for purposes of subdivision (a) of Section 82013
25 again in the following calendar year pursuant to subdivision (c)
26 of this section. Notwithstanding this subdivision, a multipurpose
27 organization may elect to remain registered as a committee by
28 submitting written notification to the Secretary of State prior to
29 the end of the calendar year.

30 (C) A multipurpose organization shall report all contributions
31 received that satisfy the criteria of ~~subparagraph (B), (C), or (D)~~
32 ~~of paragraph (1) paragraph (2), (3), or (4)~~ of subdivision (c) of
33 this section in the manner required by subdivision (f) of Section
34 84211, and for the balance of its contributions or expenditures
35 shall further report contributors based on a last in, first out
36 accounting method.

37 (2) A multipurpose organization reporting pursuant to this
38 subdivision shall disclose total contributions received in an amount
39 equal to the multipurpose organization's total contributions and
40 expenditures made in the reporting period. When a multipurpose

1 organization reports donors based on the last in, first out accounting
2 method, it shall *attribute to and* include the information required
3 by subdivision (f) of Section 84211 for any donor who donates
4 one thousand dollars (\$1,000) or more in a calendar year, except
5 for the following:

6 ~~(A) A donor who conditions the donation in a manner that~~
7 ~~prohibits the multipurpose organization from using the donation~~
8 ~~for contributions and expenditures.~~

9 (A) *A donor who designates or restricts the donation for*
10 *purposes other than contributions or expenditures.*

11 (B) *A donor who prohibits the multipurpose organization's use*
12 *of its donation for contributions or expenditures.*

13 ~~(B)~~

14 (C) A private foundation, as defined by subdivision (a) of
15 Section 509 of the Internal Revenue Code, that provides a grant
16 that does not constitute a taxable expenditure for purposes of
17 paragraph (1) or (2) of subdivision (d) of Section 4945 of the
18 Internal Revenue Code.

19 ~~(3) A multipurpose organization that is a committee pursuant~~
20 ~~to subparagraph (E) of paragraph (1) of subdivision (c) shall not~~
21 ~~be required to report contributions or expenditures received, or~~
22 ~~disclose the donors for those contributions or expenditures, if the~~
23 ~~contributions or expenditures were made in any prior calendar year~~
24 ~~in which the multipurpose organization did not qualify as a~~
25 ~~committee pursuant to subparagraph (E) of paragraph (1) of~~
26 ~~subdivision (c).~~

27 (3) *A multipurpose organization that qualifies as a committee*
28 *pursuant to paragraph (5) of subdivision (c) shall not be required*
29 *to include contributions or expenditures made in a prior calendar*
30 *year on the reports filed for the calendar year in which the*
31 *multipurpose organization qualifies as a committee.*

32 (4) A contributor identified and reported in the manner provided
33 in subparagraph (C) of paragraph (1) that is a multipurpose
34 organization and receives contributions that satisfy the criteria in
35 subdivision (c) shall be subject to the requirements of this
36 subdivision.

37 (5) The commission shall adopt regulations establishing notice
38 requirements and reasonable filing deadlines for donors reported
39 as contributors based on the last in, first out accounting method.

1 (f) A multipurpose organization that is the sponsor of a
2 committee as defined in Section 82048.7, that is a membership
3 organization, ~~and~~ that makes all of its contributions and
4 expenditures from funds derived from dues, assessments, fees, and
5 similar payments that do not exceed ten thousand dollars (\$10,000)
6 per calendar year from a single source ~~shall~~, *and that elects to*
7 report its contributions and expenditures on its sponsored
8 committee's campaign statement *pursuant to paragraph (1) of*
9 *subdivision (e) shall report* as follows:

10 (1) The sponsored committee shall report all contributions and
11 expenditures made from the sponsor's treasury funds on statements
12 and reports filed by the committee. The sponsor shall use a last in,
13 first out accounting method and disclose the information required
14 by subdivision (f) of Section 84211 for any person who pays dues,
15 assessments, fees, or similar payments of one thousand dollars
16 (\$1,000) or more to the sponsor's treasury funds in a calendar year
17 and shall disclose all contributions and expenditures made, as
18 required by subdivision (k) of Section 84211, on the sponsored
19 committee's campaign statements.

20 (2) The sponsored committee shall report all other contributions
21 and expenditures in support of the committee by the sponsor, its
22 intermediate units, and the members of those ~~intermediate units~~
23 *entities*. A sponsoring organization makes contributions and
24 expenditures in support of its sponsored committee when it
25 provides the committee with money from its treasury funds, with
26 the exception of establishment or administrative costs. With respect
27 to dues, assessments, fees, and similar payments channeled through
28 the sponsor or an intermediate unit to a sponsored committee, the
29 original source of the dues, assessments, fees, and similar payments
30 is the contributor.

31 (3) A responsible officer of the sponsor, as well as the treasurer
32 of the sponsored committee, shall verify the committee's campaign
33 statement pursuant to ~~section~~ *Section* 81004.

34 (g) For purposes of this section, "last in, first out accounting
35 method" means an accounting method by which contributions and
36 expenditures are attributed to the multipurpose organization's
37 contributors in reverse chronological order beginning with the
38 most recent of its contributors or, if there are any prior
39 contributions or expenditures, beginning with the most recent
40 contributor for which unattributed contributions remain.

1 SEC. 7. Section 84223 is added to the Government Code, to
2 read:

3 84223. (a) A committee primarily formed to support or oppose
4 a state ballot measure or state candidate that raises one million
5 dollars (\$1,000,000) or more for an election shall maintain an
6 accurate list of the committee's top 10 contributors, as specified
7 by Commission regulations. A current list of the top 10 contributors
8 shall be provided to the Commission for disclosure on the
9 Commission's Internet Web site, as provided in subdivision (c).

10 (b) (1) Except as provided in paragraph (4), the list of top 10
11 contributors shall identify the names of the 10 persons who have
12 made the largest cumulative contributions to the committee, the
13 total amount of each person's contributions, the city and state of
14 the person, the person's committee identification number, if any,
15 and any other information deemed necessary by the Commission.
16 If any of the top 10 contributors identified on the list are
17 committees pursuant to subdivision (a) of Section 82013, the
18 Commission may require, by regulation, that the list also identify
19 the top 10 contributors to those contributing committees.

20 (2) (A) A committee primarily formed to support or oppose a
21 state ballot measure shall count the cumulative amount of
22 contributions received by the committee from a person for the
23 period beginning 12 months prior to the date the committee made
24 its first expenditure to qualify, support, or oppose the measure and
25 ending with the current date.

26 (B) A committee primarily formed to support or oppose a state
27 candidate shall count the cumulative amount of contributions
28 received by the committee from a person for the primary and
29 general elections combined.

30 (3) The aggregation rules of Section 85311 and any
31 implementing regulations adopted by the Commission shall apply
32 in identifying the persons who have made the top 10 cumulative
33 contributions to a committee.

34 (4) A person who makes contributions to a committee in a
35 cumulative amount of less than ten thousand dollars (\$10,000)
36 shall not be identified or disclosed as a top 10 contributor to a
37 committee pursuant to this section.

38 (c) (1) The Commission shall adopt regulations to govern the
39 manner in which the Commission shall display top 10 contributor
40 lists provided by a committee that is subject to this section, and

1 the Commission shall post the top 10 contributor lists on its Internet
2 Web site in the manner prescribed by those regulations. The
3 Commission shall provide the top 10 contributor lists to the
4 Secretary of State, upon the request of the Secretary of State, for
5 the purpose of additionally posting the contributor lists on the
6 Secretary of State’s Internet Web site.

7 (2) A committee shall provide an updated top 10 contributor
8 list to the Commission when any of the following occurs:

9 (A) A new person qualifies as a top 10 contributor to the
10 committee.

11 (B) A person who is an existing top 10 contributor makes
12 additional contributions to the committee.

13 (C) A change occurs that alters the relative ranking order of the
14 top 10 contributors.

15 (3) The 10 persons who have made the largest cumulative
16 contributions to a committee shall be listed in order from largest
17 contribution amount to smallest amount. If two or more
18 contributors of identical amounts meet the threshold for inclusion
19 in the list of top 10 contributors, the order of disclosure shall be
20 made beginning with the most recent contributor of that amount.

21 (4) The Commission shall post or update a top 10 contributor
22 list within five business days or, during the 16 days before the
23 election, within 48 hours of a contributor qualifying for the list or
24 of any change to the list.

25 (d) In listing the top 10 contributors, a committee shall use
26 reasonable efforts to identify and state the actual individuals or
27 corporations that are the true sources of the contributions made to
28 the committee from other persons or committees.

29 (e) In addition to any other lists that the Commission is required
30 to post on its Internet Web site, the Commission shall compile,
31 maintain, and display on its Internet Web site a current list of the
32 top 10 contributors supporting and opposing each state ballot
33 measure, as prescribed by Commission regulations.

34 SEC. 8. Section 88001 of the Government Code is amended
35 to read:

36 88001. The ballot pamphlet shall contain all of the following:

37 (a) A complete copy of each state measure.

38 (b) A copy of the specific constitutional or statutory provision,
39 if any, that would be repealed or revised by each state measure.

- 1 (c) A copy of the arguments and rebuttals for and against each
- 2 state measure.
- 3 (d) A copy of the analysis of each state measure.
- 4 (e) Tables of contents, indexes, art work, graphics, and other
- 5 materials that the Secretary of State determines will make the ballot
- 6 pamphlet easier to understand or more useful for the average voter.
- 7 (f) A notice, conspicuously printed on the cover of the ballot
- 8 pamphlet, indicating that additional copies of the ballot pamphlet
- 9 will be mailed by the county elections official upon request.
- 10 (g) A written explanation of the judicial retention procedure as
- 11 required by Section 9083 of the Elections Code.
- 12 (h) The Voter Bill of Rights pursuant to Section 2300 of the
- 13 Elections Code.
- 14 (i) If the ballot contains an election for the office of United
- 15 States Senator, information on candidates for United States Senator.
- 16 A candidate for United States Senator may purchase the space to
- 17 place a statement in the state ballot pamphlet that does not exceed
- 18 250 words. The statement may not make any reference to any
- 19 opponent of the candidate. The statement shall be submitted in
- 20 accordance with timeframes and procedures set forth by the
- 21 Secretary of State for the preparation of the state ballot pamphlet.
- 22 (j) If the ballot contains a question as to the confirmation or
- 23 retention of a justice of the Supreme Court, information on justices
- 24 of the Supreme Court who are subject to confirmation or retention.
- 25 (k) If the ballot contains an election for the offices of President
- 26 and Vice President of the United States, a notice that refers voters
- 27 to the Secretary of State’s Internet Web site for information about
- 28 candidates for the offices of President and Vice President of the
- 29 United States.
- 30 (l) A written explanation of the appropriate election procedures
- 31 for party-nominated, voter-nominated, and nonpartisan offices as
- 32 required by Section 9083.5 of the Elections Code.
- 33 (m) A written explanation of the top 10 contributor lists required
- 34 by Section 84223, including a description of the Internet Web sites
- 35 where those lists are available to the public.
- 36 SEC. 9. No reimbursement is required by this act pursuant to
- 37 Section 6 of Article XIII B of the California Constitution because
- 38 the only costs that may be incurred by a local agency or school
- 39 district will be incurred because this act creates a new crime or
- 40 infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of
2 the Government Code, or changes the definition of a crime within
3 the meaning of Section 6 of Article XIII B of the California
4 Constitution.

5 SEC. 10. The Legislature finds and declares that this bill
6 furthers the purposes of the Political Reform Act of 1974 within
7 the meaning of subdivision (a) of Section 81012 of the Government
8 Code.

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California State Senate

SENATOR
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INSURANCE
JOINT SUNSET REVIEW
SELECT COMMITTEE ON AUTISM (ASD)
& RELATED SPECTRUM DISORDERS
SELECT COMMITTEE ON ECONOMIC
DEVELOPMENT & THE STATE
PERMITTING PROCESS
SELECT COMMITTEE ON
HIGH SPEED RAIL

Honorable Richard Gordon
Assembly Rules Committee, Chair
State Capitol, Room 3016
Sacramento, CA 95814

RE: SB 27 (Correa) Urgency clause

Dear Chairman Gordon:

The purpose of this letter is to seek approval from the Assembly Committee on Rules to add an urgency clause to Senate Bill 27 (Correa).

SB 27, which is currently pending on the Assembly inactive file, would amend the Political Reform Act of 1974 to require non-profit corporations and other multipurpose organizations that make campaign contributions or expenditures to publicly disclose their donors. The bill also requires the Fair Political Practices Commission's web site to include a list of the largest contributors to committees that support or oppose state ballot measures or candidates, as specified.

The urgency clause, which has an effective date of July 1, 2014, is necessary so that the disclosures required by the bill will be available to the public in time for any state ballot measures appearing on the November 4, 2014 General Election ballot.

Thank you very much for your consideration of this request.

Sincerely,

A handwritten signature in blue ink that reads "Lou Correa".

Senator Lou Correa
34th Senate District

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AMENDED IN ASSEMBLY JANUARY 8, 2014

AMENDED IN ASSEMBLY AUGUST 26, 2013

AMENDED IN ASSEMBLY AUGUST 12, 2013

AMENDED IN ASSEMBLY AUGUST 5, 2013

SENATE BILL

No. 445

Introduced by Senator Hill

(Principal coauthor: Assembly Member Mullin)

February 21, 2013

An act to ~~add Section 15820.927 to the Government Code, relating to prisons~~ amend Section 25299.43 of the Health and Safety Code, relating to underground storage tanks.

LEGISLATIVE COUNSEL'S DIGEST

SB 445, as amended, Hill. ~~Revenue bond financing of prison construction.~~ *Underground storage tanks: petroleum: charges.*

Under existing law, the Barry Keene Underground Storage Tank Cleanup Trust Fund Act of 1989, every owner of an underground storage tank is required to pay a storage fee for each gallon of petroleum placed in the tank. The fees are required to be deposited in the Underground Storage Tank Cleanup Fund and the State Water Resources Control Board is authorized to expend the moneys in the fund, upon appropriation by the Legislature, for various purposes, including the payment of claims to aid owners and operators of petroleum underground storage tanks who take corrective action to clean up unauthorized releases from those tanks, corrective actions undertaken by the board, a California regional water quality board, or a local agency, the cleanup and oversight of unauthorized releases at abandoned tank sites, and grants to small businesses to retrofit certain

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hazardous substance underground storage tanks. Existing law imposes a \$0.001 charge per gallon of a petroleum placed in an underground storage tank until January 1, 2016, and repeals the act on that date. Existing law also specifies that certain associated rights, obligations, and authorities that apply prior to the January 1, 2016, repeal date do not terminate until the moneys in the fund are exhausted.

This bill would require payment of an additional \$0.006 per gallon of petroleum until January 1, 2016. This bill would constitute a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of 2 /3 of the membership of each house of the Legislature.

~~Existing law authorizes the Board of State and Community Corrections, the State Public Works Board, and a participating county to acquire, design, and construct an adult local criminal justice facility approved by the Board of State and Community Corrections, or to acquire a site or sites owned by, or subject to a lease option to purchase held by, a participating county. Existing law authorizes the State Public Works Board to issue up to \$500,000,000 in revenue bonds, notes, or bond anticipation notes to finance the acquisition, design, and construction of approved adult local criminal justice facilities, and continuously appropriates the funds for those purposes.~~

~~This bill would authorize the State Public Works Board to approve a project under either of the above programs after commencement of working drawings or construction phase activities and would authorize reimbursement of expenses incurred after the board approves the project.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

- 1 SECTION 1. Section 25299.43 of the Health and Safety Code
- 2 is amended to read:
- 3 25299.43. (a) To implement the changes to this chapter made
- 4 by Chapter 1191 of the Statutes of 1994, and consistent with
- 5 Section 25299.40, effective January 1, 1995, every owner subject
- 6 to Section 25299.41 shall pay a storage fee of one mill (\$0.001)
- 7 for each gallon of petroleum placed in an underground storage
- 8 tank that the person owns, in addition to the fee required by Section
- 9 25299.41.

1 (b) On and after January 1, 1996, the storage fee imposed under
2 subdivision (a) shall be increased by two mills (\$0.002) for each
3 gallon of petroleum placed in an underground storage tank.

4 (c) On and after January 1, 1997, the storage fee increased under
5 subdivision (b) shall be increased by an additional three mills
6 (\$0.003) for each gallon of petroleum placed in an underground
7 storage tank.

8 (d) On and after January 1, 2005, the storage fee increased under
9 subdivision (c) shall be increased by an additional one mill (\$0.001)
10 for each gallon of petroleum placed in an underground storage
11 tank.

12 (e) On and after January 1, 2006, the storage fee increased under
13 subdivision (d) shall be increased by an additional one mill
14 (\$0.001) for each gallon of petroleum placed in an underground
15 storage tank.

16 (f) On and after January 1, 2010, the storage fee increased under
17 subdivision (e) shall be increased by an additional six mills
18 (\$0.006) for each gallon of petroleum placed in an underground
19 storage tank. The increase provided for in this subdivision shall
20 be effective until January 1, ~~2014~~ 2016, at which time, the fee shall
21 revert back to the fee pursuant to subdivision (e).

22 (g) The fee imposed under this section shall be paid to the State
23 Board of Equalization under Part 26 (commencing with Section
24 50101) of Division 2 of the Revenue and Taxation Code in the
25 same manner as, and consistent with, the fees imposed under
26 Section 25299.41.

27 (h) The State Board of Equalization shall amend the regulations
28 adopted under Section 25299.41 to carry out this section.

29 ~~SECTION 1. Section 15820.927 is added to the Government~~
30 ~~Code, immediately after Section 15820.926, to read:~~

31 ~~15820.927. Notwithstanding Section 13332.11 and 13332.19,~~
32 ~~the State Public Works Board may approve a project to be funded~~
33 ~~pursuant to this chapter after commencement of working drawings~~
34 ~~or construction phase activities. Funds may be allocated to~~
35 ~~reimburse expenses that are incurred after the board approves the~~
36 ~~project pursuant to this section.~~

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California State Senate

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SENATOR
JERRY HILL

THIRTEENTH SENATE DISTRICT
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COMMUNICATIONS
SUBCOMMITTEE ON GAS
& ELECTRIC INFRASTRUCTURE
SAFETY
CHAIR

January 8, 2014

Honorable Richard Gordon
Assembly Committee on Rules, Chair
State Capitol, Room 3016
Sacramento, CA 95814

RE: Urgency Clause Request – SB 445 - Underground Storage Tank Cleanup Fund

Dear Chair Gordon,

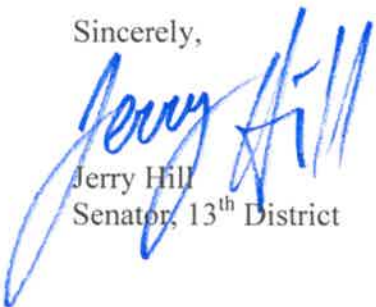
I am respectfully requesting that the Assembly Committee on Rules approve an urgency clause for SB 445. The bill continues a \$0.006 fee for each gallon of petroleum placed in an underground storage tank for a total of \$0.02 per gallon in order to aid operators of petroleum underground storage tanks who take corrective action to clean up unauthorized releases from those tanks, and grants to small businesses to retrofit certain hazardous substance underground storage tanks.

Urgency is requested because the existing fee sunset on January 1, 2014 threatening the solvency of the fund. There are hundreds of outstanding claims on the fund that need to be paid and the most efficient way to fund these obligations is to continue the fee for two more years. The fee needs to be reinstated as soon as possible so the State Water Resources Control Board can continue to make critical improvements for public health and the environment.

SB 611 is awaiting a hearing in the Assembly Committee on Environmental Safety and Toxic Materials.

Thank you for your consideration of this request.

Sincerely,


Jerry Hill
Senator, 13th District

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AMENDED IN ASSEMBLY JANUARY 7, 2014
AMENDED IN ASSEMBLY SEPTEMBER 9, 2013
AMENDED IN ASSEMBLY SEPTEMBER 6, 2013
AMENDED IN ASSEMBLY SEPTEMBER 3, 2013
AMENDED IN ASSEMBLY AUGUST 6, 2013
AMENDED IN ASSEMBLY JUNE 14, 2013
AMENDED IN SENATE MAY 28, 2013
AMENDED IN SENATE MAY 8, 2013
AMENDED IN SENATE APRIL 15, 2013

SENATE BILL

No. 611

**Introduced by Senator Hill
(~~Principal coauthor: Senator Wolk~~)**

February 22, 2013

~~An act to amend Sections 15820.903 and 15820.913 of, and to add Section 15820.927 to, the Government Code, and to add Section 1978 to the Welfare and Institutions Code, relating to correctional facilities. An act to add Sections 28062 and 34500.4 to the Vehicle Code, relating to charter-party carriers of passengers.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 611, as amended, Hill. ~~Correctional facilities: bond financing. Charter-party carriers of passengers: limousines: fire extinguishers.~~

(1) The Passenger Charter-party Carriers' Act places charter-party carriers of passengers, as defined, under the jurisdiction and control of the Public Utilities Commission. The act defines a charter-party

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carrier of passengers, subject to certain exceptions, to mean every person that is engaged in the transportation of persons by motor vehicle for compensation, whether in common or contract carriage, over any public highway. Existing law requires the Department of the California Highway Patrol to regulate the safe operation of motor vehicles engaged in transportation for hire or compensation and to inspect those vehicles to ensure that they have the required safety equipment. A violation of these provisions is a crime.

This bill would require a limousine, as defined, that has been modified or extended by an original or final-stage manufacturer for purposes of increasing vehicle length and passenger capacity to be equipped with 2 readily accessible and fully charged fire extinguishers, as specified, and would require one fire extinguisher to be securely mounted in the driver's compartment and at least one to be accessible to the passengers. The bill would require the driver or operator of the limousine to notify the passengers of the location of each fire extinguisher prior to the commencement of any trip.

The bill would require the department, not later than July 1, 2015, to implement a safety inspection program, as specified, of charter-party carriers of passengers that operate limousines that have been modified or extended by an original or final-stage manufacturer for purposes of increasing vehicle length and passenger capacity. The bill would require the department to adopt emergency regulations for this purpose. The bill would require the department to transmit to the Public Utilities Commission inspection data of limousines inspected pursuant to this program and would require the original manufacturer or final-stage manufacturer of a manufactured or aftermarket limousine, as described, to certify to the department that the vehicle meets all applicable federal and state motor vehicle safety standards. The bill would also require the department to adopt regulations to establish an inspection fee to be paid by a single charter-party carrier, as specified. The bill would require the inspection fee to be collected by the Public Utilities Commission and deposited into the Motor Vehicle Account in the State Transportation Fund.

Because a violation of these provisions would be a crime, this bill would impose a state-mandated local program.

(2) 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.

~~(1) Existing law authorizes the Department of Corrections and Rehabilitation, participating counties, and the State Public Works Board to acquire, design, and construct local jail facilities approved by the Board of State and Community Corrections (BSCC). Existing law authorizes the State Public Works Board to issue revenue bonds, notes, or bond anticipation notes in the amounts of \$445,771,000 and \$774,229,000, in 2 phases, to finance the acquisition, design, and construction, and a reasonable construction reserve, of approved local jail facilities, as specified. The funds derived from those revenue bonds, notes, or bond anticipation notes are continuously appropriated for the purposes described above.~~

~~This bill would decrease the authorization for revenue bonds, notes, or bond anticipation notes in the first phase from \$445,771,000 to \$365,771,000 and increase the authorization of the 2nd phase from \$774,229,000 to \$854,229,000.~~

~~(2) Existing law authorizes the Board of State and Community Corrections, the State Public Works Board, and a participating county to acquire, design, and construct an adult local criminal justice facility approved by the Board of State and Community Corrections, or to acquire a site or sites owned by, or subject to a lease option to purchase held by, a participating county. Existing law authorizes the State Public Works Board to issue up to \$500,000,000 in revenue bonds, notes, or bond anticipation notes to finance the acquisition, design, and construction of approved adult local criminal justice facilities, and continuously appropriates the funds for those purposes.~~

~~This bill would authorize the Board of State and Community Corrections to select the County of San Mateo for the grant of a conditional award, on the same basis as other counties under this program, even if the county has started working drawings, started construction phase activities, put the project out to bid, adopted performance criteria, created concept drawings, completed the design-build package, or put the project out for design-build solicitation. The bill would authorize the necessary approvals by the State Public Works Board and the Department of Finance to be given to the County of San Mateo project, if selected, even after specified phases of the project are complete.~~

~~This bill would make legislative findings and declarations as to the necessity of a special statute for the County of San Mateo.~~

~~(3) Existing law authorizes the Department of Corrections and Rehabilitation, a participating county, and the board to acquire, design, renovate, or construct a local youthful offender rehabilitative facility, approved by the BSCC, or a site or sites owned by, or subject to a lease or option to purchase held by, a participating county. Existing law authorizes the issuance of up to \$300,000,000 in revenue bonds, notes, or bond anticipation notes to finance the acquisition, design, renovation, or construction, and a reasonable construction reserve, of approved local youthful offender rehabilitative facilities.~~

~~This bill would, in the event that a county that has been conditionally awarded financing later determines that participating with other counties in a shared regional facility would provide an improved solution to the county’s needs and the needs of other counties, authorize the county to apply to the BSCC for redirection of the conditional award to another county that will be the lead county for the regional facility, in conjunction with the original county and, potentially, other counties. The bill would authorize the board to redirect the conditional award, prior to any approval and establishment of the project, if certain determinations are made by the BSCC.~~

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

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

1 SECTION 1. Section 28062 is added to the Vehicle Code, to
 2 read:
 3 28062. (a) A limousine, as defined in subdivision (i) of Section
 4 5371.4 of the Public Utilities Code, that has been modified or
 5 extended by an original or final-stage manufacturer for purposes
 6 of increasing vehicle length and passenger capacity shall be
 7 equipped with two readily accessible and fully charged fire
 8 extinguishers having at least 2A10BC 5lb rating and maintained
 9 in efficient operating condition. One fire extinguisher shall be
 10 securely mounted in the driver’s compartment and at least one
 11 shall be accessible to the passengers.
 12 (b) The driver or operator of a limousine that has been modified
 13 or extended by an original or final-stage manufacturer for purposes
 14 of increasing vehicle length and passenger capacity shall notify
 15 the passengers of the location of each fire extinguisher prior to
 16 the commencement of any trip.

1 SEC. 2. Section 34500.4 is added to the Vehicle Code, to read:
2 34500.4. (a) The Department of the California Highway Patrol
3 shall have the authority to conduct safety inspections of all
4 limousines that have been modified or extended by an original or
5 final-stage manufacturer for purposes of increasing vehicle length
6 and passenger capacity and that are operated pursuant to the
7 Passenger Charter-party Carriers' Act (Chapter 8 (commencing
8 with Section 5351) of Division 2 of the Public Utilities Code).

9 (b) (1) Not later than July 1, 2015, the Department of the
10 California Highway Patrol shall implement a safety inspection
11 program of charter-party carriers of passengers who operate
12 limousines as described in subdivision (a). The program shall
13 include an inspection of these carriers regarding, but not limited
14 to, the safe operation of the vehicle, the installation of safety
15 equipment, the retention of maintenance logs, accident reports,
16 and records of driver discipline, compliance with federal and state
17 motor vehicle safety standards, the examination of a preventative
18 maintenance program, and, if ownership of the limousine has been
19 transferred, the transmission of relevant safety and maintenance
20 information of the limousine.

21 (2) Pursuant to the safety inspection program, the department
22 shall conduct an inspection of each charter-party carrier of
23 passengers at least once every 13 months.

24 (3) The department shall adopt emergency regulations for
25 purposes of this subdivision. The adoption by the department of
26 regulations implementing this section shall be deemed to be an
27 emergency and necessary to avoid serious harm to the public
28 peace, health, safety, or general welfare for purposes of Sections
29 11346.1 and 11349.6 of the Government Code, and the department
30 is hereby exempted from the requirement that it describe facts
31 showing the need for immediate action to the Office of
32 Administrative Law. The emergency regulations shall remain in
33 effect for no more than one year, by which time final regulations
34 shall be adopted.

35 (4) (A) The department shall adopt regulations to establish an
36 inspection fee applied to each limousine that has been modified
37 or extended by an original or final-stage manufacturer for purposes
38 of increasing vehicle length and passenger capacity, to be collected
39 every 13 months, based on the number of vehicles described in

1 subdivision (a) operated by a single charter-party carrier that
2 shall cover the actual cost to perform the inspections.

3 (B) The fee structure established pursuant to this subdivision
4 shall apply to limousines that have been modified or extended by
5 an original or final-stage manufacturer for purposes of increasing
6 vehicle length and passenger capacity that are required to undergo
7 a safety inspection pursuant to this section.

8 (C) The fee established pursuant to this subdivision shall be
9 collected by the California Public Utilities Commission and
10 deposited into the Motor Vehicle Account in the State
11 Transportation Fund.

12 (5) The Department of the California Highway Patrol shall
13 transmit to the Public Utilities Commission inspection data of
14 limousines inspected pursuant to this program, as specified in the
15 program regulations.

16 (c) Regulations adopted pursuant to this section shall be
17 consistent with the established inspection program administered
18 by the department for buses pursuant to Division 14.8 (commencing
19 with Section 34500), and shall require the original manufacturer
20 or the final-stage manufacturer of a manufactured or aftermarket
21 limousine that has been modified or extended for purposes of
22 increasing vehicle length and passenger capacity to certify to the
23 department that the vehicle meets all applicable federal and state
24 motor vehicle safety standards.

25 SEC. 3. No reimbursement is required by this act pursuant to
26 Section 6 of Article XIII B of the California Constitution because
27 the only costs that may be incurred by a local agency or school
28 district will be incurred because this act creates a new crime or
29 infraction, eliminates a crime or infraction, or changes the penalty
30 for a crime or infraction, within the meaning of Section 17556 of
31 the Government Code, or changes the definition of a crime within
32 the meaning of Section 6 of Article XIII B of the California
33 Constitution.

34 SECTION 1. ~~Section 15820.903 of the Government Code is~~
35 ~~amended to read:~~

36 ~~15820.903. (a) The SPWB may issue up to three hundred~~
37 ~~sixty-five million seven hundred seventy-one thousand dollars~~
38 ~~(\$365,771,000) in revenue bonds, notes, or bond anticipation notes,~~
39 ~~pursuant to Chapter 5 of Part 10b of Division 3 of Title 2~~
40 ~~(commencing with Section 15830) to finance the acquisition;~~

1 ~~design, or construction, and a reasonable construction reserve, of~~
2 ~~approved local jail facilities described in Section 15820.901, and~~
3 ~~any additional amount authorized under Section 15849.6 to pay~~
4 ~~for the cost of financing.~~

5 ~~(b) Proceeds from the revenue bonds, notes, or bond anticipation~~
6 ~~notes may be utilized to reimburse a participating county for the~~
7 ~~costs of acquisition, preliminary plans, working drawings, and~~
8 ~~construction for approved projects.~~

9 ~~(c) Notwithstanding Section 13340, funds derived pursuant to~~
10 ~~this section and Section 15820.902 are continuously appropriated~~
11 ~~for purposes of this chapter.~~

12 ~~(d) This section shall become inoperative on June 30, 2017, and~~
13 ~~no project may be commenced after that date; however, projects~~
14 ~~that have already commenced by that date may be completed and~~
15 ~~financed with bonds issued pursuant to this chapter.~~

16 ~~SEC. 2. Section 15820.913 of the Government Code is amended~~
17 ~~to read:~~

18 ~~15820.913. (a) The SPWB may issue up to eight hundred~~
19 ~~fifty-four million two hundred twenty-nine thousand dollars~~
20 ~~(\$854,229,000) in revenue bonds, notes, or bond anticipation notes,~~
21 ~~pursuant to Chapter 5 of Part 10b of Division 3 of Title 2~~
22 ~~(commencing with Section 15830) to finance the acquisition,~~
23 ~~design, or construction, and a reasonable construction reserve, of~~
24 ~~approved local jail facilities described in Section 15820.911, and~~
25 ~~any additional amount authorized under Section 15849.6 to pay~~
26 ~~for the cost of financing.~~

27 ~~(b) Proceeds from the revenue bonds, notes, or bond anticipation~~
28 ~~notes may be used to reimburse a participating county for the costs~~
29 ~~of acquisition, preliminary plans, working drawings, and~~
30 ~~construction for approved projects.~~

31 ~~(c) Notwithstanding Section 13340, funds derived pursuant to~~
32 ~~this section and Section 15820.912 are continuously appropriated~~
33 ~~for purposes of this chapter.~~

34 ~~SEC. 3. Section 15820.927 is added to the Government Code,~~
35 ~~to read:~~

36 ~~15820.927. (a) Notwithstanding any other law, regulation, or~~
37 ~~a request-for-proposal issued pursuant to this chapter, the Board~~
38 ~~of State and Community Corrections may select the County of San~~
39 ~~Mateo for the grant of a conditional award, on the same basis as~~
40 ~~any other county selected for a conditional award under this~~

1 chapter, even if the county has started working drawings, started
2 construction phase activities, put the project out to bid, adopted
3 performance criteria, created concept drawings, completed the
4 design-build package, or put the project out for design-build
5 solicitation. The commencement of any of these activities shall
6 not disqualify the County of San Mateo from eligibility for
7 selection for a conditional award pursuant to this chapter.

8 (b) (1) Notwithstanding Section 13332.11 or any other law,
9 regulation, or request for proposal issued pursuant to this chapter,
10 the approvals by the State Public Works Board and the Department
11 of Finance required for the funding of a project in the County of
12 San Mateo, if that project is selected for a conditional award
13 pursuant to this section, including, but not limited to, approval of
14 the plans and working drawings, may be given after the start of
15 working drawings, after the start of construction phase activities,
16 or after the project is put out for bid.

17 (2) Notwithstanding Section 13332.19 or any other law,
18 regulation, or request for proposal issued pursuant to this chapter,
19 the approvals by the State Public Works Board and the Department
20 of Finance required for the funding of a project in the County of
21 San Mateo, if that project is selected for a conditional award
22 pursuant to this section, including, but not limited to, approval of
23 performance criteria, concept drawings, and the design-build bid
24 package, may be given after the start of construction phase
25 activities or after the project has been put out for design-build
26 solicitation.

27 (e) Other than as set forth in subdivision (d), a project that is
28 approved under this section shall remain subject to the oversight
29 of the State Public Works Board and Department of Finance to
30 the same extent as any other project that receives funding under
31 this chapter. A project that is approved under this section may be
32 allocated funds for expenditures made after the State Public Works
33 Board and the Department of Finance approve the project.

34 SEC. 4. Section 1978 is added to the Welfare and Institutions
35 Code, immediately following Section 1977, to read:

36 1978. In the event that a county that has been conditionally
37 awarded financing, pursuant to this article, later determines that
38 participating with other counties in a shared regional facility would
39 provide an improved solution to the county's needs and the needs
40 of other counties, the original county may apply to the Board of

1 State and Community Corrections (BSCC) for redirection of the
2 conditional award to another county that will be the lead county
3 for the regional facility, in conjunction with the original county
4 and, potentially, other counties. If the BSCC determines, based on
5 findings submitted by the regional consortium of counties, that the
6 redirection will result in cost savings, regional efficiencies,
7 increased services, and improved outcomes, and that the design
8 of the joint facility will enhance program delivery, health and
9 mental health services, and the safety and security of minors, the
10 BSCC may authorize the redirection of the conditional award.
11 Redirection may only be considered prior to any approval or
12 establishment of the project by the board.

13 SEC. 5. The Legislature finds and declares that a special law
14 is necessary and that a general law cannot be made applicable
15 within the meaning of Section 16 of Article IV of the California
16 Constitution because of the unique position of the County of San
17 Mateo to begin construction on a jail facility to help reduce the
18 critical level of prison overcrowding.

O

California State Senate

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THIRTEENTH SENATE DISTRICT
DEMOCRATIC CAUCUS CHAIR



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SUBCOMMITTEE ON GAS
& ELECTRIC INFRASTRUCTURE
SAFETY
CHAIR

January 8, 2014

Honorable Richard Gordon
Assembly Committee on Rules, Chair
State Capitol, Room 3016
Sacramento, CA 95814

RE: Urgency Clause Request – SB 611 – Limousine Safety

Dear Chair Gordon,

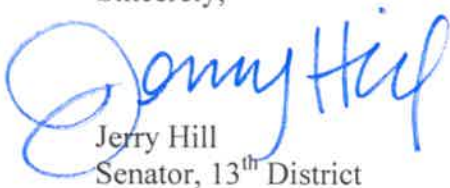
I am respectfully requesting that the Assembly Committee on Rules approve an urgency clause for SB 611. The bill requires limousines to be equipped with fire extinguishers and also creates a safety inspection program for stretch limousines. Without the bill, thousands of limousines will continue to operate without fire extinguishers on board and will continue to go uninspected. Last year five limousine passengers died after a limousine caught on fire in my district.

The bill is nearly identical to SB 338 of last year, which the Governor vetoed. In his veto message, the Governor asked that the Legislature send him an urgency bill in January with the same provisions except authorizing the CHP to charge a fee for the actual cost to perform the inspections.

SB 611 is awaiting a hearing in the Assembly Committee on Transportation.

Thank you for your consideration of this request.

Sincerely,


Jerry Hill
Senator, 13th District

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