



California Codes
relating to
State Purchasing

Statutes of 1998

E X C E R P T S





May 1999

EXCERPTS TO THE CALIFORNIA CODES RELATING TO STATE PURCHASING

This publication is a completely revised **EXCERPTS TO THE CALIFORNIA CODES RELATING TO STATE PURCHASING (EXCERPTS)**. All previous *EXCERPTS* packets, sections and updates should be destroyed or archived.

You will need a three-ring binder with a clear jacket and spine cover. The purpose of using the three-ring binder is that updates can easily be made next year to individual sections of code or regulations.

EXCERPTS contains the Statutes of 1998 which were effective on or before January 1, 1999. Most of these Statutes will not change until January 1, 2000, if at all. However, any legislation introduced and signed into law in 1999 with an "Urgency" clause will take effect before that date. Therefore, please check the following Website for the latest updates for each statute:

<http://leginfo.ca.gov/calaw.html>

In *EXCERPTS*, underlined Sections of code represent new or amended language resulting from Statutes of 1998. ~~Stricken~~ language represents previous law no longer in effect and is for reference only.

We hope you continue to find EXCERPTS a useful reference document and always welcome any suggestions for improvement.

Patricia A. Jones, Manager
System Integrity

Department of General Services
Procurement Division
P.O. Box 942804
Sacramento, CA 94204

Street address: 1823 - 14th Street
Sacramento, CA 95814

For additional copies, please contact:
Customer Services: (800) 559-5529
or (916) 445-2500

Questions regarding the general content of this publication can be directed to the System Integrity Unit either by facsimile (916) 327-7592 or telephone (916) 323-7803.

Gray Davis, Governor

**Aileen Adams, Secretary
State and Consumer Services Agency**

**Clifford Allenby, Interim Director
Department of General Services**

PROCUREMENT DIVISION

Dennis Ericson, *Acting Deputy Director*

Patricia A. Jones, *Manager, System Integrity*

Gary Pomeroy, *Manager, Legislative Services*

Excerpts compiled by Gary Pomeroy

Cover by Mary Purvis

DISCLAIMER:

Excerpts is intended as a reference summary of code sections and regulations that are relevant to the Procurement Division. If any discrepancies are found between this booklet and actual statutory or regulatory language, the latter shall prevail.

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***CIVC = CIVIL CODE**
***EDU = EDUCATION CODE**
***F&A = FOOD AND AGRICULTURE CODE**
GC = GOVERNMENT CODE
***H&S = HEALTH AND SAFETY CODE**
***LABOR = LABOR CODE**

***M&V = MILITARY AND VETERANS CODE**
PCC = PUBLIC CONTRACT CODE
***PRC = PUBLIC RESOURCES CODE**
***R&T = REVENUE AND TAXATION CODE**
REG = CALIFORNIA CODE OF REGULATIONS
***U.S.C.= UNITED STATES CODE (FEDERAL)**
***W&I = WELFARE AND INSTITUTIONS CODE**

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Procurement Division's *Handy Guide* for Understanding the Structure of the California Codes

1. The elements of a **Code** (e.g., Public Contract Code) are:

1. **CODE**
2. Division
3. Title
4. Part
5. Chapter
6. Article
7. **Section (or §.)**

2. The elements of a **Section** of Code are:

- §1823.2 Section
- (a) Subdivision
 - (3) Paragraph
 - (A) Subparagraph
 - (iii) Subsubparagraph

PUBLIC CONTRACT CODE

DIVISION 1. PURPOSE AND PRELIMINARY MATTERS

§100. The Legislature finds and declares that placing all public contract law in one code will make that law clearer and easier to find. Further, it is the intent of the Legislature in enacting this code to achieve the following objectives:

- (1) To clarify the law with respect to competitive bidding requirements.
 - (b) To ensure full compliance with competitive bidding statutes as a means of protecting the public from misuse of public funds.
 - (c) To provide all qualified bidders with a fair opportunity to enter the bidding process, thereby stimulating competition in a manner conducive to sound fiscal practices.
 - (d) To eliminate favoritism, fraud, and corruption in the awarding of public contracts.
- (Amended by Stats.1990, Ch. 485 (S.B.2290), § 2.)

DIVISION 2. GENERAL PROVISIONS

PART 1. ADMINISTRATIVE PROVISIONS

CHAPTER 2.5. CERTIFICATION OF MINORITY AND WOMEN BUSINESS ENTERPRISES

§2050. It is the intent of the Legislature that any awarding department shall accept for purposes of public contract work any state or local agency certification for minority, women, and disadvantaged business enterprises if that certification meets the certification criteria contained in Part 23 of Title 49 of the Code of Federal Regulations. It is also the intent of the Legislature that definitions for minority and women business enterprises, as specified in subdivisions (e) and (f) of Section 10115.1, shall constitute a clarification of, rather than a change in, existing law. (Added by Stats.1992, Ch. 1329 (A.B.486), § 2.)

§2051. As used in this chapter, the following definitions apply:

- (a) "Awarding department" means any state agency, department, governmental entity, including the California State University, or officer or entity empowered by law to enter into contracts on behalf of the State of California.
- (b) "Department" means the Department of Transportation.
- (c) "Minority," for purposes of this section, means a citizen or lawful permanent resident of the United States who is an ethnic person of color and who is: Black (a person having origins in any of the Black racial groups of Africa); Hispanic (a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin regardless of race); Native American (an American Indian, Eskimo, Aleut, or Native Hawaiian); Pacific-Asian (a person whose origins are from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, or the United States Trust Territories of the Pacific or including the Northern Marianas); Asian-Indian (a person whose origins are from India, Pakistan, or Bangladesh); or any other group of natural persons identified as minorities in the respective project specifications of an awarding department or participating local agency.
- (d) "Minority business enterprise" means a business concern that meets all of the following criteria:
 - (1) The business is at least 51 percent owned by one or more minorities or, in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minorities.
 - (2) A business whose management and daily operations are controlled by one or more minorities who own the business.
 - (3) A business concern with its home office located in the United States which is not a branch or subsidiary of a foreign corporation, firm, or other business.
- (e) "Women business enterprise" means a business concern that meets all of the following criteria:

(1) The business is at least 51 percent owned by one or more women or, in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.

(2) A business whose management and daily operations are controlled by one or more women who own the business.

(3) A business concern with its home office located in the United States which is not a branch or subsidiary of a foreign corporation, firm, or other business.

(f) A "disadvantaged business enterprise" means a business concern that is all of the following:

(1) A "disadvantaged business" as that term is used in Section 23.62 of Title 49 of the Code of Federal Regulations.

(2) An individual proprietorship, partnership, corporation, or joint venture.

(3) Organized for profit, with a place of business located in the United States and which makes a significant contribution to the United States economy through payment of taxes or use of American products, materials, or labor.

(g) "Participating state or local agency" means any state or local agency that elects to participate in the certification process pursuant to this chapter.

For purposes of this subdivision, the following definitions apply:

(1) "State agency" means any department, division, board, bureau, commission, or agency of the executive branch of government.

(2) "Local agency" means a county or city, whether general law or chartered, city and county, school district, or other district.

(3) "District" means an agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries.

(Added by Stats.1992, Ch. 1329 (A.B.486), § 2. Amended by Stats.1994, Ch. 146 (A.B.3601), § 172; Stats.1994, Ch. 846 (S.B.1426), § 1.)

§2052. (a) All awarding departments and local agencies shall accept a certification by any participating state agency whose certification criteria complies with Part 23 of Title 49 of the Code of Federal Regulations. All awarding departments shall, and local agencies may, accept a certification by any participating local agency whose certification criteria complies with Part 23. Those participating state or local agency certifications shall be deemed sufficient to qualify minority, women, and disadvantaged business enterprises for purposes of contracts that are fully or partially funded by the federal government, contracts fully or partially funded by all state agencies, and contracts fully or partially funded by all local agencies, as defined in Part 3 (commencing with Section 20100).

(b) All awarding departments and local agencies shall accept the certification of a minority, women, or disadvantaged business enterprise made by a participating state agency as valid status of that enterprise, with respect to the identities of the persons certified as having ownership and control of the business enterprise, when awarding contracts to minority, women, and disadvantaged business enterprises. All awarding departments shall, and local agencies may, accept this certification when made by a participating local agency. No awarding department shall require a business enterprise, which has complied with the certification criteria of a participating state or local agency, to comply with any other certification process for certifying minority, women, and disadvantaged business enterprises. However, a participating local agency may impose additional conditions for certification of a business enterprise concerning its status as a minority, women, or disadvantaged business enterprise relating to ethnicity, business size, and business location for participation in local programs.

(Added by Stats.1992, Ch. 1329 (A.B.486), § 2. Amended by Stats.1994, Ch. 210 (A.B. 3074), § 1.)

§2053. (a) A participating state or local agency shall certify a business enterprise as a minority or women business enterprise if that business enterprise meets the definition of a minority or women business enterprise specified in subdivisions (d) and (e) of Section 2051 in accordance with the eligibility standards set forth in Section 23.53 of Title 49 of the Code of Federal Regulations.

(b) A participating state or local agency shall certify a business enterprise as a disadvantaged business enterprise if that business enterprise meets the definition of a disadvantaged business enterprise specified in subdivision (f) of Section 2051, in accordance with the "Guidance for Making Determinations of Social and Economic Disadvantage" set forth in Appendix C to Subpart D of Part 23 of Title 49 of the Code of Federal Regulations.

(c) The participating state or local agency may include a site visit as part of its certification process. However, if a participating state or local agency certifies an applicant without conducting a site visit, any other participating state or local agency may conduct a site visit to verify ownership and control of the minority, women, or disadvantaged business enterprise. For purposes of conducting a site visit, certification documentation retained by the participating state or local agency shall be provided, upon request, to any other participating state or local agency. The applicant shall be subject to only one site visit per year, unless ownership and control changes have occurred in the business within the 12-month period following a site visit. Nothing in this chapter shall prohibit a participating state or local agency from conducting a site visit for purposes of preparing a response to an appeal from a notice of intent to decertify pursuant to Section 2055.

(d) A participating state or local agency shall complete the certification process, including verification of information submitted by the applicant and the performance of a site visit, if applicable, within 60 working days after receipt of a completed application, and shall submit the appropriate information to the Department of Transportation for insertion into the computerized data bank created pursuant to Section 2056.

(e) The grant of certification of a business enterprise by a participating state or local agency shall be valid for two years. A business enterprise that has been denied certification by a participating state or local agency may reapply for certification after six months have elapsed since the date of the denial of certification.

(f) A participating state or local agency shall provide adequate security methods to prevent contamination and unauthorized access to the information gathered during the verification process.

(Added by Stats.1992, Ch. 1329 (A.B.486), § 2. Amended by Stats.1993, Ch. 192 (A.B. 2314), § 1; Stats.1993, Ch. 433 (S.B.1209), § 12, eff. Sept. 24, 1993.)

§2054. (a) The department shall develop and make available to all awarding departments and local agencies a directory of all state and local agencies participating in the standardized certification process pursuant to this chapter. An awarding department may count, for purposes of meeting statewide participation goals, those business enterprises that have been certified by a participating state or local agency.

(b) The certification shall be under penalty of perjury. The certification application form shall include, but not be limited to, the following information:

- (1) Name of firm and address.
- (2) Name of person to contact.
- (3) Business telephone.
- (4) Type of ownership.
- (5) Controlling interest (ethnicity and citizenship).
- (6) Documentation or evidence of minority ethnicity.
- (7) Name of owners, general partners, and officers of firm and their percent of ownership in the firm. If a corporation, total outstanding stock and a percentage breakdown of ownership.
- (8) Management control of firm in the following areas:
 - (A) Financial decisions.
 - (B) Estimating.
 - (C) Marketing and sales.
 - (D) Hiring and dismissal of management.
 - (E) Purchasing of major equipment and supplies.
- (9) Documentation of identity of owner or management official who is, or has been, within the last three years, an owner, manager, or employee of another firm that has an ownership interest or a present business relationship with the firm. Present business relationships include shared space, employees, equipment, or financing. Explanation of these relationships.

(10) Bonding capabilities.

(11) Questions regarding whether the firm has been denied certification, or any of the individuals listed in paragraph (7) have been involved with a firm that has been denied certification, as a minority, women, or disadvantaged business enterprise by a participating state or local agency.

(12) Type of business (for example, service, goods, construction).

(13) Provision for the attachment of a copy of an active business and contractor's license, or any other pertinent license or permit.

(14) Location area of state to be considered for work.

(15) Other documentation required to verify ownership and control of a certification applicant in accordance with Sections 23.51 and 23.53 of Title 49 of the Code of Federal Regulations, and with Publication No. FHWA-CR-90-003, dated April 1990, entitled "Disadvantaged Business Enterprise Program Administration Participant's Manual" published by the Federal Highway Administration in the United States Department of Transportation.

(16) Affidavit that all information is true and correct, including statement under penalty of perjury.

(c) A participating state or local agency granting or denying the certification shall compile and maintain documentation supporting each of the criteria set forth in subdivision (b) for a minimum of two years. The documentation shall include, but not be limited to, one copy of the issued certification with the name of the person or persons responsible for reviewing and authorizing the certification and the date on which each review and authorization occurred.

(d) The minority, women, or disadvantaged business enterprises seeking certification shall designate on the application form the information that they consider proprietary. Any information so designated shall be confidential. However, if notice is given by a participating state or local agency of its intention to decertify a business enterprise certified pursuant to this chapter, the participating state or local agency that granted the original certification shall provide access to all of its certification documentation to a participating state or local agency seeking to decertify the business enterprise, if the participating state or local agency seeking to decertify the business enterprise agrees to honor the confidentiality of the information designated as proprietary.

(Added by Stats.1992, Ch. 1329 (A.B.486), § 2.)

§2055. A participating state or local agency may challenge the certification of a business enterprise made by another participating state or local agency as follows:

(a) The participating state or local agency seeking to challenge the certification determination made by another participating state or local agency shall give written notice to the certifying agency of its intention to challenge the certification determination. The certifying agency shall reexamine its certification determination and submit written notice to the challenging agency and the business enterprise of its findings after reexamination within 30 days from the date of receipt of the notice.

(b) If the challenging agency is not satisfied with the finding of the certifying agency after reexamination, the challenging agency shall submit written notice to the business enterprise, with a copy to the certifying agency, of its intention to decertify the business enterprise.

(c) A business enterprise that has received notice of decertification by an agency may appeal that decertification decision in accordance with the procedures of the agency that made the decertification decision.

(Added by Stats.1992, Ch. 1329 (A.B.486), § 2.)

§2056. (a) The department shall establish and administer a computerized data bank containing a list of certified minority, women, and disadvantaged business enterprises. The computerized data bank shall also contain a list of disabled veteran business enterprises certified by the Department of General Services. On or before July 1, 1993, the data shall be made accessible to all awarding departments, local agencies, and the public for use in contracting for goods, construction, and services with those business enterprises.

(b) The data bank shall include, but not be limited to, the following information:

(1) Name, address, and telephone number.

(2) Ethnicity.

- (3) Gender.
 - (4) Name of the participating state or local agency that conducted a site visit, and date of site visit, if applicable.
 - (5) Type of ownership.
 - (6) Product or service categories.
 - (7) Geographical area.
 - (8) Name of the participating state or local agency that performed the certification.
 - (9) Any additional local requirements met by the enterprise, if applicable.
 - (10) A record of actions by a participating state or local agency resulting in certification denial or decertification.
- (c) Information from the data bank shall be made available to local public agencies and the public by the date specified in subdivision (a).
- (d) The data base developed to implement this section shall enable the department to monitor changes to this information and to issue any reports as may be required.
(Added by Stats.1992, Ch. 1329 (A.B.486), § 2.)

§2057. This chapter shall not apply to any professional services contract subject to Chapter 6 (commencing with Section 16850) of Part 3 of Division 4 of Title 2 of the Government Code.
(Added by Stats.1992, Ch. 1329 (A.B.486), § 2.)

CHAPTER 3. FORMATION

Article 5. Preference for Materials

§3400. (a) No agency of the state nor any political subdivision, municipal corporation, or district, nor any public officer or person charged with the letting of contracts for the construction, alteration, or repair of public works shall draft or cause to be drafted specifications for bids, in connection with the construction, alteration, or repair of public works, (1) in such a manner as to limit the bidding, directly or indirectly, to any one specific concern, or (2) except in those instances where the product is designated to match others in use on a particular public improvement either completed or in the course of completion, calling for a designated material, product, thing, or service by specific brand or trade name unless the specification lists at least two brands or trade names of comparable quality or utility and is followed by the words "or equal" so that bidders may furnish any equal material, product, thing, or service. In applying this section, the specifying agency shall, if aware of an equal product manufactured in this state, name that product in the specification. In those cases involving a unique or novel product application required to be used in the public interest, or where only one brand or trade name is known to the specifying agency, it may list only one. Specifications shall provide a period of time ~~of at least 35 days after~~ prior to the award of the contract for submission of data substantiating a request for a substitution of "an equal" item.

(b) Subdivision (a) shall not be applicable if the governing body of one of the entities named therein by resolution makes a finding that is included in the specifications that a particular material, product, thing, or service is designated by specific brand or trade name in order that a field test or experiment may be made to determine the product's suitability for future use.
(Amended by Stats. 1998, Ch. 857, (AB 2084, Miller)).

§3410. Any public entity, as defined in Section 1100, including any school district or community college district, when purchasing food, shall give preference to United States-grown produce and United States-processed foods when there is a choice and it is economically feasible to do so. For purposes of this section, the determination of "economically feasible" shall be made by the purchasing public entity, considering the total cost, quantity, and quality of the food and the budget and policies of the entity.
(Added by Stats.1987, Ch. 158, § 2.)

CHAPTER 6. AWARDING OF CONTRACTS

§6100. (a) Any state agency or department, as defined in Section 10357, which is subject to this code, shall, prior to awarding a contract for work to be performed by a contractor, as defined by Section 7026 of the Business and Professions Code, verify with the Contractors' State License Board that the person seeking the contract is licensed in a classification appropriate to the work to be undertaken. Verification as required by this section need only be made once every two years with respect to the same contractor.

(b) In lieu of the verification, the state entity may require the person seeking the contract to present his or her pocket license or certificate of licensure and provide a signed statement which swears, under penalty of perjury, that the pocket license or certificate of licensure presented is his or hers, is current and valid, and is in a classification appropriate to the work to be undertaken.

(Added by Stats.1986, Ch. 1230, § 2.)

§6101. No state agency or department, as defined in Section 10357, that is subject to this code, shall award a public works or purchase contract to a bidder or contractor, nor shall a bidder or contractor be eligible to bid for or receive a public works or purchase contract, who has, in the preceding five years, been convicted of violating a state or federal law respective the employment of undocumented aliens.

(Added by Stats.1986, Ch. 1230, § 2.)

§6106. (a) Any state agency or department, which is subject to this code, shall follow this section in negotiating fees and executing a contract for professional consulting services of a private architectural, engineering, land surveying, environmental, or construction project management firm.

(b) After providing notification to the successful firm of its selection, the state shall provide written instructions for the negotiations which are to follow. These instructions shall provide the private consulting firm with necessary information which shall allow the negotiations to proceed in an orderly fashion. Negotiations shall begin within 14 days after the successful firm has been notified of its selection or upon receipt of the cost proposal. The contractor should be notified if additional time is necessary to begin negotiations.

(c) Upon the completion of negotiations, the state and the private firm shall proceed to execute a contract so that the contract may be completed by the state within 45 days. The contractor should be notified if additional time is necessary to complete the contract. The state and private firm shall work together to ensure the successful delivery of the requested services in a timely fashion.

(d) In the event that an impasse is reached in negotiations, the state agency or department may terminate negotiations and enter into negotiations with the next most qualified firm as prescribed in Section 4528 of the Government Code.

(Added by Stats.1990, Ch. 1128 (A.B.3986), § 2.)

§6107. (a) As used in this section, "California company" means a sole proprietorship, partnership, joint venture, corporation, or other business entity that was a licensed California contractor on the date when bids for the public contract were opened and meets one of the following:

(1) Has its principal place of business in California.

(2) Has its principal place of business in a state in which there is no local contractor preference on construction contracts.

(3) Has its principal place of business in a state in which there is a local contractor construction preference and the contractor has paid not less than five thousand dollars (\$5,000) in sales or use taxes to California for construction related activity for each of the five years immediately preceding the submission of the bid.

(b) (1) When awarding contracts for construction, a state agency shall grant a California company a reciprocal preference as against a nonresident contractor from any state that gives or

requires a preference to be given contractors from that state on its public entity construction contracts.

(2) The amount of the reciprocal preference shall be equal to the amount of the preference applied by the state of the nonresident contractor with the lowest responsive bid, except where the resident contractor is eligible for a California small business preference, in which case the preference applied shall be the greater of the two, but not both.

(3) If the contractor submitting the lowest responsive bid is not a California company and has its principal place of business in any state that gives or requires the giving of a preference on its public entity construction contracts to contractors from that state, and if a California company has also submitted a responsive bid, and, with the benefit of the reciprocal preference, the California company's bid is equal to or less than the original lowest responsive bid, the public entity shall award the contract to the California company at its submitted bid price.

(c) (1) The bidder shall certify, under penalty of perjury, that the bidder qualifies as a California company.

(2) A nonresident contractor shall, at the time of bidding, disclose to the awarding agency any and all bid preferences provided to the nonresident contractor by the state or country in which the nonresident contractor has its principal place of business.

(d) The reciprocal preference is waived if the certification described in paragraph (1) of subdivision (c) does not appear on the bid.

(e) This section does not apply if application of this section might jeopardize the receipt of federal funds or the nonresident contractor certifies, under penalty of perjury, in its bid that its state of residency does not give a preference for contractors from that state on its public entity construction contracts.

(f) "Construction related activity" shall include, without limitation, any activity for which a California contractor's license is required.

(Added by Stats.1992, Ch. 1073 (A.B.2578), § 2. Amended by Stats.1996, Ch. 279 (A.B.734), § 1.)

§6108. (a) Every contract entered into by any state agency for the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, shall specify that no foreign-made equipment, materials, or supplies furnished to the state pursuant to the contract may be produced in whole or in part by forced labor, convict labor, or indentured labor under penal sanction. The contractor shall agree to comply with this provision of the contract.

(b) (1) Any contractor contracting with the state who knew or should have known that the foreign-made equipment, materials, or supplies furnished to the state were produced in whole or part by forced labor, convict labor, or indentured labor under penal sanction, when entering into a contract pursuant to subdivision (a), may, subject to subdivision (c), have any or all of the following sanctions imposed:

(A) The contract under which the prohibited equipment, materials, or supplies were provided may be voided at the option of the state agency to which the equipment, materials, or supplies were provided.

(B) The contractor may be assessed a penalty which shall be the greater of one thousand dollars (\$1,000) or an amount equaling 20 percent of the value of the equipment, materials, or supplies that the state agency demonstrates were produced in whole or in part by forced labor, convict labor, or indentured labor under penal sanction and that were supplied to the state agency under the contract.

(C) The contractor may be removed from the bidder's list for a period not to exceed 360 days.

(2) Any moneys collected pursuant to this subdivision shall be deposited into the General Fund.

(c) (1) When imposing the sanctions described in subdivision (b), the contracting agency shall notify the contractor of the right to a hearing if requested within 15 days of the date of the notice. The hearing shall be before an administrative law judge of the Office of Administrative Hearings in accordance with the procedures specified in Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. The administrative law judge

shall take into consideration any measures the contractor has taken to ensure compliance with this section, and may waive any or all of the sanctions if it is determined that the contractor has acted in good faith.

(2) The agency shall be assessed the cost of the administrative hearing, unless the agency has prevailed in the hearing, in which case the contractor shall be assessed the cost of the hearing.

(d) Any state agency that investigates a complaint against a contractor for violation of this section shall limit its investigation to evaluating the information provided by the person or entity submitting the complaint and the information provided by the contractor.

(e) For purposes of this section, the term "forced labor" shall have the same meaning as in Section 1307 of Title 19 of the United States Code.

(Added by Stats.1996, Ch. 1149 (A.B.2457), § 2.)

§6109. (a) A public entity, as defined in Section 1100, may not permit a contractor or subcontractor who is ineligible to bid or work on, or be awarded, a public works project pursuant to Section 1777.1 or 1777.7 of the Labor Code to bid on, be awarded, or perform work as a subcontractor on, a public works project. Every public works project shall contain a provision prohibiting a contractor from performing work on a public works project with a subcontractor who is ineligible to perform work on the public works project pursuant to Section 1777.1 or 1777.7 of the Labor Code.

(b) Any contract on a public works project entered into between a contractor and a debarred subcontractor is void as a matter of law. A debarred subcontractor may not receive any public money for performing work as a subcontractor on a public works contract, and any public money that may have been paid to a debarred subcontractor by a contractor on the project shall be returned to the awarding body. The contractor shall be responsible for the payment of wages to workers of a debarred subcontractor who has been allowed to work on the project.

(Added by Stats.1998, Ch. 443, (AB 1569.))

CHAPTER 7. CONTRACT CLAUSES

§7103. (a) Every original contractor to whom is awarded a contract by a state entity, as defined in subdivision (d), involving an expenditure in excess of five thousand dollars (\$5,000) for any public work shall, before entering upon the performance of the work, file a payment bond with and approved by the officer or state entity by whom the contract was awarded.

The state entity shall state in its call for bids for any contract that a payment bond is required in the case of such an expenditure.

(b) A payment bond files and approved in accordance with this section shall be sufficient to enter upon the performance of work under a duly authorized contract which supplements the contract for which such payment bond was filed, if the requirement of a new bond is waived by the state entity.

(c) For purposes of this section, providers of architectural, engineering, and land surveying services pursuant to a contract with a state entity for any public work shall not be deemed an original contractor and shall not be required to post or file the payment bond required in subdivisions (a) and (b).

(d) For purposes of this section, "state entity" means every state office, department, division, bureau, board, or commission, but does not include the Legislature, the courts, any agency in the judicial branch of government, or the University of California. All other public entities shall be governed by the provisions of Section 3247 of the Civil Code.

(e) For purposes of this section, "public work" includes the erection, construction, alteration, repair or improvement of any state structure, building, road, or other state improvement of any kind.

(Added by Stats.1985, Ch. 678, § 2.)

§7107. (a) This section is applicable with respect to all contracts entered into on or after January 1, 1993, relating to the construction of any public work of improvement.

(b) The retention proceeds withheld from any payment by the public entity from the original contractor, or by the original contractor from any subcontractor, shall be subject to this section.

(c) Within 60 days after the date of completion of the work of improvement, the retention withheld by the public entity shall be released. In the event of a dispute between the public entity and the original contractor, the public entity may withhold from the final payment an amount not to exceed 150 percent of the disputed amount. For purposes of this subdivision, "completion" means any of the following:

(1) The occupation, beneficial use, and enjoyment of a work of improvement, excluding any operation only for testing, startup, or commissioning, by the public agency, or its agent, accompanied by cessation of labor on the work of improvement.

(2) The acceptance by the public agency, or its agent, of the work of improvement.

(3) After the commencement of a work of improvement, a cessation of labor on the work of improvement for a continuous period of 100 days or more, due to factors beyond the control of the contractor.

(4) After the commencement of a work of improvement, a cessation of labor on the work of improvement for a continuous period of 30 days or more, if the public agency files for record a notice of cessation or a notice of completion.

(d) Subject to subdivision (e), within ~~40~~ **seven** days from the time that all or any portion of the retention proceeds are received by the original contractor, the original contractor shall pay each of its subcontractors from whom retention has been withheld, each subcontractor's share of the retention received. However, if a retention payment received by the original contractor is specifically designated for a particular subcontractor, payment of the retention shall be made to the designated subcontractor, if the payment is consistent with the terms of the subcontract.

(e) The original contractor may withhold from a subcontractor its portion of the retention proceeds if a bona fide dispute exists between the subcontractor and the original contractor. The amount withheld from the retention payment shall not exceed 150 percent of the estimated value of the disputed amount.

(f) In the event that retention payments are not made within the time periods required by this section, the public entity or original contractor withholding the unpaid amounts shall be subject to a charge of 2 percent per month on the improperly withheld amount, in lieu of any interest otherwise due. Additionally, in any action for the collection of funds wrongfully withheld, the prevailing party shall be entitled to attorney's fees and costs.

(g) If a state agency retains an amount greater than 125 percent of the estimated value of the work yet to be completed pursuant to Section 10261, the state agency shall distribute undisputed retention proceeds in accordance with subdivision (c). However, notwithstanding subdivision (c), if a state agency retains an amount equal to or less than 125 percent of the estimated value of the work yet to be completed, the state agency shall have 90 days in which to release undisputed retentions.

(h) Any attempted waiver of the provisions of this section shall be void as against the public policy of this state.

(Amended by Stats. 1998, Ch. 857, (AB 2084, Miller)).

§7110. (a) It is the policy of this state that anyone who enters into a contract with a state agency shall recognize the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code.

(b) Every written contract in excess of one hundred thousand dollars (\$100,000) executed between a contractor and a state agency shall contain the following:

(1) An acknowledgment by the contractor of the policy of the state set forth in subdivision (a).

(2) An acknowledgment by the contractor that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department.

(Added by Stats. 1998, Ch. 899, (AB 1396, Alquist)).

§7200. (a) (1) This section shall apply with respect to all contracts entered into on or after January 1, 1999, between a public entity and an original contractor, between an original contractor and a subcontractor, and between all subcontractors thereunder, relating to the construction of any public work of improvement.

(2) For purposes of this section, "public entity" means the state, including every state agency, office, department, division, bureau, board, or commission, a city, county, city and county, including chartered cities and chartered counties, district, special district, public authority, political subdivision, public corporation, or nonprofit transit corporation wholly owned by a public agency and formed to carry out the purposes of the public agency.

(b) In a contract between the original contractor and a subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention proceeds withheld may not exceed the percentage specified in the contract between the public entity and the original contractor.

(c) When a performance and payment bond is required in the solicitation for bids, subdivision (b) shall not apply to either of the following:

(1) The original contractor, if the subcontractor fails or refuses to provide a performance and payment bond, issued by an admitted surety insurer, to the original contractor.

(2) The subcontractor, if a subcontractor thereunder fails or refuses to provide a performance and payment bond, issued by an admitted surety insurer, to the subcontractor.

(d) No party identified in subdivision (b) shall require any other party to waive any provision of this section.

(e) In the event that the contractor elects to substitute securities in lieu of retentions, the contractor may withhold from his or her subcontractors, who have not elected to substitute securities in lieu of retentions, the amount of retentions that would have otherwise been withheld.

(Added by Stats. 1998, Ch. 857, (AB 2084, Miller)).

DIVISION 2. GENERAL PROVISIONS
PART 2. CONTRACTING BY STATE AGENCIES
CHAPTER 1. STATE CONTRACT ACT

Article 1.5. Minority and Women Business Participation Goals for State Contracts

§10115. (a) The Legislature finds and declares all of the following:

(1) The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, reasonable and just prices, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of that competition is basic to the economic well-being of this state and that well-being cannot be realized unless the actual and potential capacity of minority, women, and disabled veteran business enterprises is encouraged and developed. Therefore, it is the declared policy of the state to aid the interests of minority, women, and disabled veteran business enterprises in order to preserve reasonable and just prices and a free competitive enterprise, to ensure that a fair proportion of the total number of contracts or subcontracts for commodities, supplies, technology, property, and services are awarded to minority, women, and disabled veteran business enterprises, and to maintain and strengthen the overall economy of the state.

(2) The opportunity for full participation in our free enterprise system by minority, women, and disabled veteran business enterprises is essential if this state is to attain social and economic equality for those businesses and improve the functioning of the state economy.

(3) State agencies which have established short- and long-range minority, women, and disabled veteran participation goals are awarding 23 percent or more of their contracts to these business enterprises.

(4) It is in the state's interest to expeditiously improve the economically disadvantaged position of minority, women, and disabled veteran business enterprises.

(5) The economic position of these businesses can be improved by providing long-range substantial goals for procurement by state agencies of commodities, professional services, and construction work from minority, women, and disabled veteran businesses.

(6) Procurement by state agencies of goods and services from these businesses also benefits the state agencies and the citizens of the state by encouraging the expansion of the number of vendors for procurements, thereby encouraging competition among the vendors and promoting economic efficiency in the process.

(b) It is the purpose of this article to do all of the following:

(1) Encourage greater economic opportunity for minority, women, and disabled veteran business enterprises.

(2) Promote competition among state agencies in order to enhance long-term economic efficiency in the procurement of construction, commodities, and professional services contracts.

(3) Clarify and expand the program for the procurement by state agencies of commodities, professional services, and construction work from minority, women, and disabled veteran business enterprises.

(c) Notwithstanding any other provision of law, contracts awarded by any state agency, department, officer, or other state governmental entity for construction, professional services (except those subject to Chapter 6 (commencing with Section 16850) of Part 3 of Division 4 of Title 2 of the Government Code), materials, supplies, equipment, alteration, repair, or improvement shall have statewide participation goals of not less than 15 percent for minority business enterprises, not less than 5 percent for women business enterprises and 3 percent for disabled veteran business enterprises.

These goals apply to the overall dollar amount expended each year by the awarding department, as defined by Section 10115.1, pursuant to this article.

(Added by Stats.1988, Ch. 61, § 3. Amended by Stats.1992, Ch. 1329 (A.B.486), § 3; Stats.1992, Ch. 1330 (A.B.3301), § 6.)

§10115.1 As used in this article, the following definitions apply:

(a) "Awarding department" means any state agency, department, governmental entity, or other officer or entity empowered by law to enter into contracts on behalf of the State of California.

(b) "Contract" includes any agreement or joint development agreement to provide labor, services, material, supplies, or equipment in the performance of a contract, franchise, concession, or lease granted, let, or awarded for and on behalf of the State of California.

(c) "Contractor" means any person or persons, regardless of race, color, sex, ethnic origin or ancestry, or any firm, partnership, corporation, or combination thereof, whether or not a minority or women business enterprise, who submits a bid and enters into a contract with a representative of a state agency, department, governmental entity, or other officer empowered by law to enter into contracts on behalf of the State of California.

(d) "Minority," for purposes of this section, means a citizen or lawful permanent resident of the United States who is an ethnic person of color and who is: Black (a person having origins in any of the Black racial groups of Africa); Hispanic (a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin regardless of race); Native American (an American Indian, Eskimo, Aleut, or Native Hawaiian); Pacific-Asian (a person whose origins are from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, or the United States Trust Territories of the Pacific including the Northern Marianas); Asian-Indian (a person whose origins are from India, Pakistan, or Bangladesh); or any other group of natural persons identified as minorities in the respective project specifications of an awarding department or participating local agency.

(e) "Minority business enterprise" means a business concern that meets all of the following criteria:

(1) The business is an individual proprietorship, partnership, corporation, or joint venture at least 51 percent owned by one or more minorities or, in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minorities.

(2) A business whose management and daily operations are controlled by one or more minorities who own the business.

(3) A business concern with its home office located in the United States which is not a branch or subsidiary of a foreign corporation, firm, or other business.

(f) "Women business enterprise" means a business concern that meets all of the following criteria:

(1) The business is an individual proprietorship, partnership, corporation, or joint venture at least 51 percent owned by one or more women or, in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.

(2) A business whose management and daily operations are controlled by one or more women who own the business.

(3) A business concern with its home office located in the United States which is not a branch or subsidiary of a foreign corporation, firm, or other business.

(g) "Goal" means a numerically expressed objective that awarding departments and contractors are required to make efforts to achieve.

(Added by Stats.1988, Ch. 61, § 3. Amended by Stats.1989, Ch. 1229, § 6; Stats.1992, Ch. 1328 (A.B.2318), § 2; Stats.1992, Ch. 1329 (A.B.486), § 4; Stats.1994, Ch. 846 (S.B.1426), § 2.)

§10115.2. (a) In awarding contracts to the lowest responsible bidder, the awarding department shall consider the efforts of a bidder to meet minority business enterprise, women business enterprise, and disabled veteran business enterprise goals set forth in this article. The awarding department shall award the contract to the lowest responsible bidder meeting or making good faith efforts to meet these goals.

(b) A bidder shall be deemed to have made good faith efforts upon submittal, within time limits specified by the awarding department, of documentary evidence that all of the following actions were taken:

(1) Contact was made with the awarding department to identify minority, women, and disabled veteran business enterprises.

(2) Contact was made with other state and federal agencies, and with local minority, women, and disabled veteran business enterprise organizations to identify minority, women, and disabled veteran business enterprises.

(3) Advertising was published in trade papers and papers focusing on minority, women, and disabled veteran business enterprises, unless time limits imposed by the awarding department do not permit that advertising.

(4) Invitations to bid were submitted to potential minority, women, and disabled veteran business enterprise contractors.

(5) Available minority, women, and disabled veteran business enterprises were considered.
(Added by Stats.1988, Ch. 61, § 3. Amended by Stats.1989, Ch. 1229, § 7; Stats.1992, Ch. 1330 (A.B.3301), § 7.)

§10115.3. (a) The awarding department shall establish a method of monitoring adherence to the goals specified in this article.

(b) The awarding department shall adopt rules and regulations for the purpose of implementing this article. Emergency regulations consistent with this section may be adopted.
(Added by Stats.1988, Ch. 61, § 3.)

§10115.4. In implementing this article, the awarding department shall utilize existing resources such as the Office of Small and Minority Business, the Minority Business Development Agency, and the Small Business Administration.

(Added by Stats.1988, Ch. 61, § 3.)

§10115.5. (a) Notwithstanding Section 7550.5 of the Government Code, on January 1 of each year, each awarding department shall report to the Governor and the Legislature on the level of participation by minority, women, and disabled veteran business enterprises in contracts as identified in this article for the fiscal year beginning July 1 and ending June 30. In addition, the report shall contain the levels of participation by minority, women, and disabled veteran business enterprises for the following categories of contracts:

(1) Construction.

(2) Purchases of materials, supplies, and equipment.

(3) Professional services.

(4) All contracts for a dollar amount of less than twenty-five thousand dollars (\$25,000).

(b) If the established goals are not being met, the awarding department shall report the reasons for its inability to achieve the standards and identify remedial steps it shall take.

(Added by Stats.1988, Ch. 61, § 3. Amended by Stats.1992, Ch. 1330 (A.B.3301), § 8; Stats.1993, Ch. 1034 (A.B.677), § 1.)

§10115.6. Notwithstanding any other provision of this article, the failure of an awarding department to meet the goals established under this article shall not affect the validity or enforceability of any contract or any bonds, notes, or other obligations issued by the awarding department to provide for the payment of any contract subject to this article.

(Added by Stats.1988, Ch. 61, § 3.)

§10115.7. (a) Nothing in this article shall be construed to authorize any awarding department to discriminate in the awarding of any contract on the basis of race, color, sex, ethnic origin, or ancestry.

(b) Nothing in this article shall be construed to authorize any contractor to discriminate in the solicitation or acceptance of bids for subcontracting, or for materials or equipment, on the basis of race, color, sex, ethnic origin, or ancestry.

(Added by Stats.1989, Ch. 1229, § 8.)

§10115.8. If any provision of this article or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the article which can be given effect without the invalid provision or application, and to this end the provisions of this article are severable.

(Added by Stats.1989, Ch. 1229, § 9.)

§10115.10. (a) It shall be unlawful for a person or firm to:

(1) Knowingly and with intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain, acceptance or certification as a minority, women, or disabled veteran business enterprise, for the purposes of this article.

(2) Willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a state official or employee for the purpose of influencing the acceptance or certification or denial of acceptance or certification of any entity as a minority, women, or disabled veteran business enterprise.

(3) Willfully and knowingly obstruct, impede, or attempt to obstruct or impede, any state official or employee who is investigating the qualifications of a business entity which has requested acceptance or certification as a minority, women, or disabled veteran business enterprise .

(4) Knowingly and with intent to defraud, fraudulently obtain, attempt to obtain, or aid another person or firm in fraudulently obtaining or attempting to obtain, public moneys to which the person is not entitled under this article.

(5) Establish, or cooperate in the establishment of, or exercise control over, a firm found to have violated any of paragraphs (1) to (4), inclusive. Any person or firm who violates this paragraph is guilty of a misdemeanor and shall be liable for a civil penalty not to exceed fifty thousand dollars (\$50,000) for the first violation, and a civil penalty not to exceed two hundred thousand dollars (\$200,000) for each additional, or subsequent violation.

(6) This section shall not apply to minority and women business enterprise programs conducted by public utility companies pursuant to the California Public Utilities Commission's General Order 156.

(b) Any person who violates paragraphs (1) to (4), inclusive, of subdivision (a) is guilty of a misdemeanor and shall be liable for a civil penalty not to exceed five thousand dollars (\$5,000) for the first violation, and a civil penalty not to exceed twenty thousand dollars (\$20,000) for each additional or subsequent violation.

(c) Any person or firm that violates subdivision (a) shall, in addition to the penalties provided for in subdivision (b), be suspended from bidding on, or participating as either a contractor, subcontractor, or supplier in, any state contract or project for a period of not less than 30 days nor more than one year. However, for an additional or subsequent violation the period of suspension shall be extended for a period of up to three years. Any person or firm that fails to satisfy the penalties imposed pursuant to subdivisions (b) and (c) shall be prohibited from further contracting with the state until the penalties are satisfied.

(d) The awarding department shall report all alleged violations of this section to the Office of Small and Minority Business. The office shall subsequently report all alleged violations to the Attorney General who shall determine whether to bring a civil action against any person or firm for violation of this section.

(e) The office shall monitor the status of all reported violations and shall maintain and make available to all state departments a central listing of all firms and persons who have been determined to have committed violations resulting in suspension.

(f) No awarding department shall enter into any contract with any person or firm suspended for violating this section during the period of the person's or firm's suspension. No awarding department shall award a contract to any contractor utilizing the services of any person or firm as a subcontractor suspended for violating this section during the period of the person's or firm's suspension.

(g) The awarding department shall check the central listing provided by the office to verify that the person, firm, or contractor to whom the contract is being awarded, or any person or firm being utilized as a subcontractor by that person, firm, or contractor, is not under suspension for violating this section.

(Added by Stats.1989, Ch. 473, § 2. Amended by Stats.1993, Ch. 1032 (A.B.340), § 6)

§10115.11. (a) Notwithstanding any other provision of this article, statewide participation goals for contracts let by the Department of Corrections shall be exclusive of inmate day labor contracts.

(b) The goals established in this article shall also apply to the overall dollar amount expended each year on contracts let by the California Department of Corrections for the purposes of services, maintenance, and supplies excluding contracts for services for inmate medical needs.

(Formerly § 10108.6, added by Stats.1985, Ch. 933, § 2.6, eff. Sept. 25, 1985. Renumbered § 10115.11 and amended by Stats.1992, Ch. 1330 (A.B.3301), § 5.)

§10115.12. (a) Any awarding department taking bids in connection with the award of any contract shall provide in the general conditions under which bids will be received, that any person making a bid or offer to perform a contract shall, in his or her bid or offer, set forth the following information:

(1) The name and the location of the place of business of each subcontractor certified as a minority, women, or disabled veteran business enterprise who will perform work or labor or render service to the prime contractor in connection with the performance of the contract and who will be used by the prime contractor to fulfill minority, women, and disabled veteran business enterprise participation goals.

(2) The portion of work that will be done by each subcontractor under paragraph (1). Except in cases of emergency where a contract is necessary for the immediate preservation of the public health, welfare, or safety, or protection of state property, the prime contractor shall list only one subcontractor for each portion of work as is defined by the prime contractor in his or her bid or offer.

(b) The Subletting and Subcontracting Fair Practices Act (Chapter 4 (commencing with Section 4100) of Part 1 shall apply to the information required by subdivision (a) relating to subcontractors certified as minority, women, or disabled veteran business enterprises.

(c) For purposes of this section, "subcontractor" and "prime contractor" shall have the same meaning as those terms are defined in Section 4113.

(d) As used in this section, "contract" does not include a contract negotiated pursuant to Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code.

(Added by Stats.1993, Ch. 1032 (A.B.340), § 7.)

§10115.13. Notwithstanding any other provision of law, contracts awarded by any state agency, department, officer, or other state governmental entity for the purchase of general public advertisements shall have statewide participation goals of not less than 15 percent for minority business enterprises, not less than five percent for women business enterprises, and three percent for disabled veteran business enterprises. These goals apply to the overall dollar amount expended each year by the awarding state agency, department, offices, or other state governmental entity.

(Added by Stats.1993, Ch. 1034 (A.B.677), § 2.)

§10115.15 (a). Notwithstanding Section 10115.2, when awarding contracts for materials, supplies, or equipment, including electronic data processing goods and services, an awarding department shall accept the submission by a bidder of a minority, women, and disabled veteran business enterprise utilization plan that has been approved prior to the solicitation due date by the Department of General Services. A business utilization plan shall be considered approved by the Department of General Services as of the date submitted to the department so long as the plan meets the minimum criteria established in paragraphs (1) to (12), inclusive, and shall be valid for a period of one year, unless the department has audited the utilization plan, as authorized under subdivision (b), and disapproves it for reasons specified under subdivision (c). The decision of whether to establish a minority, women, and disabled veteran business enterprise utilization plan shall be at the option of the vendor. If a bidder cites an approved utilization plan in response to the minority, women, and disabled veteran business enterprise participation requirements of a solicitation that calls for 15 percent minority-owned, 5 percent women-owned, and 3 percent disabled veteran-owned business participation, then that utilization plan shall be considered responsive to the participation goals of the solicitation document. If a solicitation specifies higher participation goals than those in the bidder's utilization plan, the bidder shall meet the goals in the solicitation or make a good-faith effort to do so. At a minimum, the utilization plan shall include the following information:

(1) A statement of the vendor's minority, women, and disabled veteran business enterprise utilization plan, including the primary objectives of the utilization plan.

(2) An explanation showing sufficient business reasons why the vendor did not meet minority, women, and disabled veteran business enterprise participation goals set forth in the vendor's minority, women, and disabled veteran business utilization plan submitted to, and approved by, the Department of General Services in the previous year, if applicable. Further, if the vendor did not meet the minority, women, and disabled veteran business participation goals in the previous year, the vendor shall also identify remedial steps it will take to meet the goals in the current utilization plan.

(3) A statement of the vendor's minority, women, and disabled veteran business utilization goals for the succeeding year. At a minimum, these utilization goals shall be equal to the statewide participation goals set forth in subdivision (c) of Section 10115.

(4) Estimated total dollars to be subcontracted by the vendor for sales within the United States for the succeeding year.

(5) Estimated total dollars to be subcontracted by the vendor for sales within the State of California for the succeeding year.

(6) Total dollars expressed as a percentage of the amount estimated pursuant to paragraph (4), intended to be subcontracted with each of the following:

(A) Minority business enterprises.

(B) Women business enterprises.

(7) Total dollars, expressed as a percentage of the amount estimated pursuant to paragraph (5), intended to be subcontracted with disabled veteran-owned business enterprises.

(8) A representative listing of the products and services that the vendor anticipates subcontracting, including an identification of the types of subcontracting planned for minority, women, and disabled veteran business enterprises.

(9) The name of the individual employed by the vendor who will administer the vendor's utilization plan, including a description of the duties of the individual.

(10) A description of the efforts that the vendor will undertake to ensure that minority, women, and disabled veteran business enterprises will have an equitable opportunity to compete for contracts.

(11) A listing of the records and reports that the vendor will maintain to demonstrate the practices and procedures that have been adopted to comply with the requirements and goals of the utilization plan.

(12) Affirmation that the vendor met the statewide minority, women, and disabled veteran business enterprise utilization goals for the previous year, if applicable.

(b) The Department of General Services shall conduct random audits of the submitted utilization plans to determine compliance with this article, and shall retain on file all submitted utilization plans for auditing purposes. During any audit of a submitted utilization plan, the Department of General Services may ask a vendor to submit a list of all the minority, women, and disabled veteran business enterprises included as subcontractors in the vendor's plan for the previous year. This information shall remain confidential. Nothing in this section shall be construed to require the Department of General Services to audit all of the minority, women, and disabled veteran business enterprise utilization plans submitted by individual vendors. The Department of General Services may establish appropriate fees to cover the actual costs of conducting random audits and retaining on file all submitted plans.

(c)(1) At any time, the Department of General Services may disapprove a vendor's minority, women, disabled veteran business enterprise utilization plan for any of the following reasons:

(A) The utilization plan fails to evidence a vendor's intention to comply fully with the statewide minority, women, and disabled veteran business enterprise goals for the succeeding year, as indicated by failure of the utilization plan to contain the information specified in subdivision (a).

(B) The utilization plan fails to evidence sufficient business reasons for failure to achieve the minority, women, and disabled veteran business enterprise goals set forth in a utilization plan submitted in the previous year, if applicable.

(C) The utilization plan fails to evidence sufficient remedial steps the vendor will take if the vendor did not meet the minority, women, and disabled veteran business participation goals in the previous year, if applicable.

(2) If a vendor's utilization plan is disapproved, the vendor may not submit a new utilization plan to the department for a period of one year from the date of disapproval. Prior to disapproval of a vendor's utilization plan, the vendor shall be entitled to a public hearing and to five days' notice of the time and place thereof. The notice shall state the reasons for the hearing.

(3) A vendor that submits a minority, women, and disabled veteran business utilization plan that is approved by the Department of General Services, and that is subsequently awarded a contract to which the vendor would not otherwise have been entitled, and who fails to evidence intention to fully comply with the minority, women, and disabled veteran business enterprise goals in the utilization plan, or fails to evidence sufficient business reasons for failing to achieve the minority, women, and disabled veteran business enterprise goals set forth in the utilization plan, shall:

(A) Pay to the state any difference between the contract amount and what the state's cost would have been if the contract had been properly awarded.

(B) In addition to the amount specified in subparagraph (A), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract involved.

(C) Be ineligible to transact any business with the state for a period of not less than three months and not more than 24 months.

Prior to imposition of any sanction under this chapter, the contractor or vendor shall be entitled to a public hearing and to five days' notice of the time and place thereof. The notice shall state the reasons for the hearing.

(Added by Stats.1994, Ch. 772 (A.B.679), § 1. Amended by Stats.1995, Ch. 91 (S.B.975), § 137.)

Article 10. Ineligibility to Contract

§10285. The term "person," as used in this article, means any individual, partnership, joint venture, or association or any other organization or any combination thereof.
(Added by Stats.1985, Ch. 376, § 1.)

§10285.1. Any state agency may suspend, for a period of up to three years from the date of conviction, any person from bidding upon, or being awarded, a public works or services contract with the agency under this part or from being a subcontractor at any tier upon the contract, if that person, or any partner, member, officer, director, responsible managing officer, or responsible managing employee thereof, has been convicted by a court of competent jurisdiction of any charge of fraud, bribery, collusion, conspiracy, or any other act in violation of any state or federal antitrust law in connection with the bidding upon, award of, or performance of, any public works contract, as defined in Section 1101, with any public entity, as defined in Section 1100, including, for the purposes of this article, the Regents of the University of California or the Trustees of the California State University. A state agency may determine the eligibility of any person to enter into a contract under this article by requiring the person to submit a statement under penalty of perjury declaring that neither the person nor any subcontractor to be engaged by the person has been convicted of any of the offenses referred to in this section within the preceding three years.
(Added by Stats.1985, Ch. 376, § 1.)

§10285.2. Before suspending any person under this article, the state agency shall provide a hearing upon reasonable notice. In determining whether to suspend, and the duration of any suspension, the state agency shall consider, in addition to any other relevant factors, both of the following:

(a) The degree to which the person cooperated with the state or federal authorities in the criminal proceeding.

(b) The degree to which the person has agreed to restitution for any damages incurred by the public entity as a result of the acts upon which the conviction was based.

(Added by Stats.1985, Ch. 376, § 1.)

§10285.3. In the event that any state agency has suspended any person under this article, any other state agency shall adopt the terms of that suspension without further notice or hearing.
(Added by Stats.1985, Ch. 376, § 1.)

§10285.4. In the event that any state agency has suspended any person under this article, that agency may terminate the suspension if it determines that termination is in the best interest of the agency. In the event of termination, any suspension by adoption pursuant to Section 10285.3 also shall be terminated.

(Added by Stats.1985, Ch. 376, § 1.)

§10285.5. Nothing in this article shall require any state agency to contract with, or to permit the employment of a person as a subcontractor, or any person on any project funded in whole or part by federal funds, if the person has been suspended or debarred by the federal agency providing the funds.

(Added by Stats.1985, Ch. 376, § 1.)

CHAPTER 2. STATE PROCUREMENT OF MATERIALS, SUPPLIES, EQUIPMENT, AND SERVICES

Article 1. Definitions

§10290. As used in this chapter:

(a) "Department" means the Department of General Services.

(b) "Director" means the Director of General Services.

(c) "Centralized purchasing" means the purchase for state agencies of materials, supplies, and equipment by the Office of Procurement.

(d) "Office" means the Office of Procurement in the Department of General Services.

(e) "Price schedule" means an agreement between the Office of Procurement and a vendor under which the vendor agrees to accept orders from the office or a state agency for a commodity or commodities at set prices for a specified period of time but which does not obligate the office or state agencies to purchase the commodity or commodities from the vendor.

(f) "Regional commodities contract" means a commodities contract of the same type as a statewide commodities contract but applicable only to purchases in a particular area or region of the state.

(g) "Statewide commodities contract" means a contract awarded by the Office of Procurement to a vendor or vendors for the purchase of a commodity or commodities for a period of time, at a price, and in an amount set forth in the contract.

(h) "Multiple award" means a contract of indefinite quantity for one or more similar goods to more than one vendor.

(i) "Multiple award schedule" (MAS) is an agreement established between the General Services Administration of the United States and certain vendors to do business under specific prices, terms, and conditions for specified goods and services.

(Amended by Stats.1993, Ch. 1106 (A.B.1727), § 1.)

§10290.1. (a) Notwithstanding any other provision of law, in exercising their delegation of procurement authority from the Department of General Services, state agencies may place purchase orders with vendors who have multiple award schedules with the General Services Administration of the United States if the vendor is willing to extend those terms, conditions, and prices. The department may also develop multiple award agreements for use by state agencies in the same manner.

(b) The Department of General Services shall determine the delegation procurement authority, to be set forth in the State Administrative Manual, for agencies wishing to place purchase orders with vendors who have multiple award schedules. The department shall seek input from both customer departments and agencies and private sector vendors.

(Added by Stats.1993, Ch. 1106 (A.B.1727), § 1.3. Amended by Stats.1995, Ch. 932 (S.B.910), § 2.)

Article 2. Approval of Contracts

§10295. All contracts entered into by any state agency for (a) the hiring or purchase of equipment, supplies, materials, or elementary school textbooks, (b) services, whether or not the services involve the furnishing or use of equipment, materials or supplies or are performed by an independent contractor, (c) the construction, alteration, improvement, repair or maintenance of property, real or personal, or (d) the performance of work or services by the state agency for or in cooperation with any person, or public body, are void unless and until approved by the department. Every such contract shall be transmitted with all papers, estimates, and recommendations concerning it to the department and, if approved by the department, shall be effective from the date of the approval. This section applies to any state agency that by general or specific statute is expressly or impliedly authorized to enter into transactions referred to in this section. This section does not apply to any transaction entered into by the Trustees of the California State University or by a department under the State Contract Act or the California State University Contract Law, any contract of a type specifically mentioned and authorized to be entered into by the Department of Transportation under Section 14035 or 14035.5 of the Government Code, Sections 99316 to 99319, inclusive, of the Public Utilities Code, or the Streets and Highways Code, any contract entered into by the Department of Transportation that is not funded by money derived by state tax sources but, rather, is funded by money derived from federal or local tax sources, any contract entered into by the Department of Personnel Administration for state employees in State Bargaining Unit 8 or 16 for employee benefits, occupational health and safety, training services, or combination thereof any contract let by the

Legislature, or any contract entered into under the authority of Chapter 4 (commencing with Section 11770) of Part 3 of Division 2 of the Insurance Code. (Amended by Stats. 1998, Ch. 88 (AB 528) effective June 30, 1998; Amended by Stats. 1998, Ch. 1023 (AB 2329); and amended by Stats. 1998, Ch. 1024, (AB 1291, Strom-Martin) effective September 30, 1998).

§10295.1. For employees in State Bargaining Unit 6, contracts entered into by the Department of Personnel Administration for employee benefits, occupational health and safety, or training services shall be exempt from the requirements set forth in Section 10295 and do not require the approval by the Department of General Services.
(Added by Stats.1998, Ch. 21, (SB 615, Burton)).

§10295.3. Notwithstanding any other provision of law, Section 10295 shall not apply to any contract entered into by the Department of Personnel Administration for state employees in State Bargaining Unit 19 for employee benefits, occupational health and safety, training services, or any combination thereof.
(Added by Stats. 1998, Ch. 91, (SB 1501, Knight)).

§10295.5. (a) Notwithstanding any other provision of law, no state agency shall purchase or utilize sand, gravel, aggregates, or other minerals produced from a surface mining operation subject to the Surface Mining and Reclamation Act of 1975 (Chapter 9 (commencing with Section 2710) of Division 2 of the Public Resources Code), unless the operation is identified in the list published pursuant to subdivision (b) of Section 2717 of the Public Resources Code as having either of the following:

(1) An approved reclamation plan and financial assurances covering the affected surface mining operation.

(2) An appeal pending before the State Mining and Geology Board pursuant to subdivision (e) of Section 2770 of the Public Resources Code with respect to the reclamation plan or financial assurances.

(b) The Department of General Services shall revise its procedures and procurement specifications for state purchases of sand, gravel, aggregates, and other minerals to ensure maximum compliance with this section.

(c) For purposes of this section, "minerals" means any naturally occurring chemical element or compound, or groups of elements and compounds, formed from inorganic processes and organic substances, including, but not limited to, coal, peat, and bituminous rock, but excluding geothermal resources, natural gas, and petroleum.

(d) The requirements of this section shall apply to mining operations on federal lands or Indian lands that are subject to the Surface Mining and Reclamation Act of 1975 (Chapter 9 (commencing with Section 2710) of Division 2 of the Public Resources Code) pursuant to a memorandum of understanding between the Department of Conservation and the federal agency having jurisdiction over the lands.

(e)(1) This section does not apply to construction or maintenance contracts if the contractor has entered into a written subcontract, executed prior to July 1, 1993, for the purchase of materials from a mine operator that would not otherwise qualify under the list published pursuant to subdivision (b) of Section 2717 of the Public Resources Code.

(2) This subdivision shall become inoperative on July 1, 1996.

(f) This section shall become operative on July 1, 1993.

(Added by Stats.1992, Ch. 1077 (A.B.3098), § 1, operative July 1, 1993. Amended by Stats.1993, Ch. 278 (A.B.723) § 1, eff. Aug. 2, 1993.)

§10296. Every contract entered into by any state agency for any purpose specified in subdivisions (a) through (d), inclusive, of Section 10295 shall contain a statement by which the contractor swears under penalty of perjury that no more than one final, unappealable finding of contempt of court by a federal court has been issued against the contractor within the immediately preceding two-year period because of the contractor's failure to comply with an order of a federal court which orders the contractor to comply with an order of the National Labor

Relations Board. For purposes of this section, a finding of contempt does not include any finding which has been vacated, dismissed, or otherwise removed by the court because the contractor has complied with the order which was the basis for the finding. The state may rescind any contract in which the contractor falsely swears to the truth of the statement required by this section.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10297. The provisions of Section 10295 shall apply both to contracts awarded through competitive bidding and those not subject to competitive bidding. The department shall deny its approval of a contract awarded through competitive bidding if it finds that the contract does not meet the specifications or other conditions of the bidding process, or if any applicable statutes or regulations regarding competitive bidding have been violated. With regard to any contract not awarded through competitive bidding, the department shall ascertain whether the contract is subject to competitive bidding requirements, and if it finds that is the case, the department shall deny its approval. In making its determination on any contract, the department shall consider all other relevant factors, such as clarity of language and legality, and shall utilize its legal staff as necessary to facilitate the approval process.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10298. The provisions of this article shall not apply to contracts covered under Article 4 (commencing with Section 10335) or 5 (commencing with Section 10355).

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

Article 3. Competitive Bidding and Other Purchase Procedures

§10300. (a) A Customer and Vendor Advocate shall be established in the Department of General Services as a resource to state agencies and departments, and vendors seeking information regarding the state process, procedures, and regulations for bidding on state contracts, and as a resource to bidders seeking to file a protest on award in accordance with this chapter. The advocate shall, at a minimum, provide the following services to the protesting bidder:

(1) Assistance to customer departments and agencies regarding procurement rules and regulations, and acquisition resource options.

(2) Assistance to the bidder in assessing the validity of the bidder's proposed grounds of filing the protest in accordance with the terms of the solicitation on the contract, as well as statutory or regulatory guidelines governing the procurement in question.

(3) Provision of information to the protesting bidder regarding avenues and options available to the bidder to proceed with a formal protest on the award.

(b) The advocate shall make services, as specified in this section, available on a timely basis to the protesting bidder.

(c) Notification to bidders regarding the availability of services by the advocate shall be included in the solicitation document. This notification shall also outline procedures and timelines for bidders who may wish to engage the services of the advocate.

(Added by Stats.1995, Ch. 932 (S.B.910), § 3.)

§10301. Except in cases when the agency and the department agree that an article of a specified brand or trade name is the only article which will properly meet the needs of the agency, or in cases where the State Board of Control has made a determination pursuant to Section 10308, all written contracts for the sale or hiring of materials, supplies, or equipment in an amount of ten thousand dollars (\$10,000) or more, and all other purchases or hiring of materials, supplies, or equipment in an amount of ten thousand dollars (\$10,000) or more, shall be made or entered into with the lowest responsible bidder meeting specifications.

For purposes of determining the lowest bid, the amount of sales tax shall be excluded from the total amount of the bid.

(Amended by Stats.1986, Ch. 626, § 1.)

§10302. Except in cases of emergency where immediate purchase of supplies or equipment without bid is necessary for the protection of the public health, welfare, or safety, whenever the department purchases supplies or equipment in excess of fifteen thousand dollars (\$15,000), all vendors who have notified the department in writing they desire to bid on supplies or equipment, and who have been prequalified in accordance with this section, shall be furnished with complete specifications as to the type, quality, quantity, and whenever practicable the date, place, and method of delivery of the equipment or supplies to be purchased. In addition to notifying those persons, the department shall post in a public place a copy of the specifications which shall remain posted until seven days after an award has been made. Whenever a purchase in excess of fifteen thousand dollars (\$15,000) is made under this section or Section 10301 without the taking of bids, the department shall prepare a written document stating the fact of the purchase together with the facts requiring the purchase of the supplies or equipment without the taking of bids. This document shall be maintained by the department and shall be available as a public record.

(Amended by Stats.1986, Ch. 626, § 2; Stats.1994, Ch. 982 (S.B.1362), § 2; Stats.1996, Ch. 320 (A.B.2160), § 32.)

§10302.5. All product specifications that the Department of General Services or any other state agency prepares for goods for any contract entered into by any state agency for the purchase of goods under Section 10295 are not subject to the review and adoption procedure under Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(Added by Stats.1990, Ch. 1156 (S.B.2195), § 1. Amended by Stats.1991, Ch. 528 (S.B.780), § 1; Stats.1994, Ch. 1044 (A.B.2887), § 3.)

§10302.6. Product specifications as prepared by the Department of General Services or any other state agency shall not be written with the intent of excluding goods manufactured, produced, grown, or otherwise originating in California.

(Added by Stats.1991, Ch. 528 (S.B.780), § 2.)

§10303. The department shall adopt, publish and apply uniform standards of rating bidders, on the basis of questionnaires and required statements, with respect to contracts upon which each bidder is qualified to bid. The department may adopt and publish lists of qualified bidders. No list so adopted and published shall preclude a qualified bidder not on the list from submitting a bid or bids and from being awarded a contract or contracts as the successful bidder. The department may remove, for a period not less than 90 calendar days, but not to exceed 360 calendar days, from any list of qualified bidders prepared by the department any bidder who, based upon his performance on contracts which he has previously been awarded by the state, has demonstrated a lack of reliability in complying with and completing such previously awarded contracts. Any bidder temporarily removed under this section shall be returned to the list of qualified bidders at any time after the initial 90-day period, upon demonstrating to the department's satisfaction that the problems which resulted in the bidder's previously demonstrated unreliability in completing state contracts, have been corrected.

(Added by Stats.1986, Ch. 626, § 3.)

§10304. All bids shall be sealed and shall be publicly opened and read at the time set forth in the request for bids, provided any person present desires the bids to be so read. No bids shall be considered which have not been received in the office of the department prior to the closing time for bids set forth in the invitations to bids. The department shall maintain confidentiality regarding each bid until the public opening and reading takes place.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10305. After being opened the bids shall be available for public inspection and tabulations shall be completed within seven days.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10306. Whenever a contract or purchase order under this article is not to be awarded to the lowest bidder, the bidder shall be notified by telegram 24 hours prior to awarding the contract or purchase order to another bidder. Upon written request by any bidder who has submitted a bid, notice of the proposed award shall be posted in a public place in the offices of the department at least 24 hours prior to awarding the contract or purchase order. If prior to making the award, any bidder who has submitted a bid files a protest with the department against the awarding of the contract or purchase order on the ground that he or she is the lowest responsible bidder meeting specifications, the contract or purchase order shall not be awarded until either the protest has been withdrawn or the State Board of Control has made a final decision as to the action to be taken relative to the protest. In computing the 24-hour periods provided for in this section Saturdays, Sundays and legal holidays shall be excluded.

Within 10 days after filing a protest, the protesting bidder shall file with the State Board of Control a full and complete written statement specifying in detail the ground of the protest and the facts in support thereof.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10307. The director shall establish statewide purchasing standards, the purpose of which shall be to ensure the necessary quality of supplies and equipment purchased by or under the supervision of the department and to permit the consolidation of purchases in order to effect greater economies in state purchasing.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10308. Except as provided otherwise in this chapter, every purchase of supplies or equipment in excess of one hundred dollars (\$100) for any state agency shall be made by or under the supervision of the department. However, the state agency may specify the quality of the supplies or equipment to be purchased. If the department determines that the quality specified by the agency is inconsistent with the statewide purchasing standards established by the director under Section 10307, it shall change the order to make it consistent with the standards, and it shall notify the state agency, within a reasonable time, before a purchase order is issued. If the agency is of the opinion the interests of the state would not be served by the purchase of supplies or equipment of a lesser quality or different than that specified by the agency, the agency may request a hearing before the State Board of Control and the board shall determine which supplies or equipment will best serve the interests of the state, whereupon the department shall issue a purchase order for the supplies or equipment specified by the State Board of Control.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10308.5. Contractors shall certify in writing, under penalty of perjury, to the state agency awarding a contract, the minimum, if not exact, percentage of recycled content, both postconsumer material and secondary material as defined in Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of the contract, regardless of whether the product meets the required recycled product percentage as defined in Sections 12161 and 12200. The contractor may certify that the product contains zero recycled content. This section shall apply to all state contracts and, to the extent feasible, all federally funded contracts.

(Added by Stats.1989, Ch. 1094, § 2. Amended by Stats.1994, Ch. 942 (S.B.1915), § 3, eff. Sept. 28, 1994.)

§10309. Except as provided in Sections 10332 and 10333, no state agency may purchase equipment, supplies, or materials in the open market, unless permission has been given by the department, upon a showing of the necessity therefor.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10310. Upon the request of the department, every state agency that is authorized by law to make purchases of equipment, material or supplies shall designate some person in the agency

whose duty it shall be to make reports to the department at times and in a manner as it may require.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10311. (a) An estimate or requisition approved by the state agency in control of the appropriation or fund against which a purchase is to be charged, is full authority for any contract and purchase of supplies of the quality specified by the agency or determined by the Board of Control as provided in this article made pursuant thereto by the department.

(b) The department shall issue a call for bids within 30 days after receiving a requisition for any supplies, material, or equipment that are regularly purchased within this state. The period of closing time designated in the invitations for bids shall be exclusive of holidays and shall be extended to the next working day after a holiday.

(c) Except as provided in subdivision (d), after the closing date for receiving any bids within or without this state, the contract of purchase shall be awarded or the bids shall be rejected within 45 days unless a protest is filed as provided in Section 10306.

(d) After the 45-day time period prescribed by subdivision (c), the department may in its sound discretion either award the contract of purchase to the lowest responsible bidder meeting specifications who remains willing to accept the award or else reject all bids.

(e) The amendments made to this section at the 1987-88 Regular Session of the Legislature do not constitute a change in, but are declaratory of, existing law.

(Amended by Stats.1986, Ch. 626, § 4; Stats.1988, Ch. 282, § 2, eff. July 7, 1988.)

§10312. Immediately upon the rendition of services or the delivery of supplies, the disbursing officer shall transmit the invoice or demand for payment together with his or her sworn statement to the Controller. The sworn statement shall show that the services have been rendered and the supplies delivered to the state agency in accordance with the contract and law.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10313. The director may make the services of the department under this article available, upon such terms and conditions as he or she may deem satisfactory, to any tax-supported public agency in the state, including a school district, for assisting the agency in the purchase or lease of television communications equipment.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10314. Any contract or purchase order for supplies or equipment to be manufactured by the contractor specially for the state and not suitable for sale to others in the ordinary course of the contractor's business may provide, on such terms and conditions as the department deems necessary to protect the state's interests, for progress payments for work performed and costs incurred at the contractor's shop or plant, provided that not less than 10 percent of the contract price is required to be withheld until final delivery and acceptance of the supplies or equipment, and provided further, that the contractor is required to submit a faithful performance bond, acceptable to the department, in a sum not less than one-half of the total amount payable under the contract securing the faithful performance of the contract by the contractor.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10315. The department may rent, lease, construct, and maintain warehouses and make such rules and regulations as are necessary for the proper and economical making of state purchases.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10316. The department may insure in the name of the state any goods or merchandise belonging to the state which are stored in any warehouse or storage depot not under exclusive state control, in an amount sufficient to indemnify the state against loss or damage by fire.

Premiums for such insurance shall be paid out of the Service Revolving Fund and prorated and added to the price of the goods or merchandise.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10317. Each person in the department who has personal supervision and control of any warehouse or storage depot wherein merchandise or goods belonging to the state are stored, shall execute to the people of the state a bond in the penal sum of five thousand dollars (\$5,000). Premiums on the bonds shall be paid by the state as are the premiums upon the bonds of state officers.
(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10318. No state agency or employee thereof shall draft or cause to be drafted, any specifications for bids, in connection with the purchase or contemplated purchase of any supplies or materials, or textbooks for use in the day and evening elementary schools of the state, in such a manner as to limit the bidding directly or indirectly, to any one bidder. Bidders may be required to furnish a bond or other indemnification to the state against claims or liability for patent infringement.
(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10319. To meet an emergency, supplies and materials of a perishable nature, in an amount not exceeding one hundred dollars (\$100) in value, may be purchased by a state agency without the permission of the department.
(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10320. (a) The Department of General Services shall annually prepare a purchasing delegation program for district agricultural associations to be administered by the Department of Food and Agriculture and the Department of General Services pursuant to the following criteria:

~~(a) Purchases shall not exceed fifteen thousand dollars (\$15,000).~~

(1) The Department of General Services shall annually review purchases to be included in the program and the amount of delegation for each type of purchase.

(2) The Department of General Services shall annually review with the Department of Food and Agriculture the aggregate limit for the delegation program.

(3) The Department of General Services shall annually communicate with each fair eligible for the delegation program, information relating to the procedure to be followed for using the delegation, including, but not limited to, the things included in the delegation program.

(b) The Division of Fairs and Expositions in the Department of Food and Agriculture shall include, as part of its annual expenditure review and approval process presented to the Joint Committee on Fairs Allocation and Classification, a section describing the purchasing delegation authority granted to all district agricultural associations pursuant to subdivision (a). This information shall include, but need not be limited to, the annual amount of purchasing delegation authority requested by, and delegated to, each district agricultural association.

(Amended by Stats.1986, Ch. 626; Stats.1994, Ch. 982 (S.B.1362), Ch. 535, Stats. 1998, (AB2756).)

§10320.5. (a) Commencing January 1, 1992, all state agencies subject to this chapter which enter into installment purchase or lease-purchase contracts shall make periodic payments, which shall include interest computed from a date no later than the acceptance date of the equipment purchased pursuant to the contract. However, if the contract requires an acceptance test, interest shall be computed from a date no later than the first day of the successful acceptance test period. Unless otherwise provided for in the contract, periodic payments shall commence upon acceptance of the equipment or, if the contract requires an acceptance test, as of the first day of the successful acceptance test period. Late charges shall accrue for any periodic payment not made to the contractor or its assigns from either the payment date provided in the contract or 60 days following the receipt of a valid invoice for the periodic payment, whichever is later. However, in the event any invoice is received prior to the equipment acceptance date, the receipt date of the invoice shall be construed to be the equipment acceptance date. Late charges under this section shall be assessed using the interest rate as specified in Section 926.17 of the Government Code.

(b) The Department of General Services shall be authorized to refinance installment purchase contracts when, in the determination of the department, it is financially beneficial to the state to do so.

(Added by Stats.1991, Ch. 991 (S.B.722), § 1.)

§10321. (a) The Legislature finds and declares that fairs are a valuable community resource and recognizes that local businesses and local communities make valuable contributions to fairs that include direct and indirect support of fair programs. The Legislature further finds and declares that local businesses often provide opportunity purchases to local fairs that, for similar things available through the state purchasing program, may be purchased locally at a price equivalent to or less than that available through the state purchasing program.

(b) Notwithstanding any other provision of law, the Department of Food and Agriculture shall develop criteria to be applied for opportunity purchases that are made by district agricultural associations, county and citrus fruit fairs, and the California Exposition and State Fair, individually or cooperatively.

(c) As used in this section, opportunity purchases means purchases locally, either individually or cooperatively, at a price equal to or less than the price available through the state purchasing program on or off state contract.

(Amended by Stats.1990, Ch. 1277 (A.B.1874), § 1.)

§10322. Any person who supplies any state agency with livestock products derived from any of the animals enumerated in Section 19501 of the Food and Agricultural Code shall file with the department a sworn statement that the animals were slaughtered by methods defined in that section and in Sections 19502 and 19503 of the Food and Agricultural Code.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10323. To assist the department and other state agencies in the enforcement of the provisions of Section 19501 of the Food and Agricultural Code, the Department of Food and Agriculture shall provide, through cooperation with the United States Department of Agriculture in the enforcement of Public Law 85-765 and by means of appropriate regulations, suitable methods of identifying the carcasses of animals inspected and passed under Chapter 4 (commencing with Section 18651) of Part 3 of Division 9 of the Food and Agricultural Code that have been slaughtered by methods prescribed by Sections 19501, 19502, and 19503 of that code.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10324. The department is authorized to make purchases of materials, equipment, or supplies, other than printed material, on behalf of any city, county, city and county, district, or other local governmental body or corporation empowered to expend public funds for the acquisition of property, upon written request of such local agency; provided that the purchases can be made by the department upon the same terms, conditions and specifications at a price lower than the local agency can obtain through its normal purchasing procedures. The state shall incur no financial responsibility in connection with purchases for local agencies under this section. No purchase shall be for less than five hundred dollars (\$500) and the local agency shall accept sole responsibility for payment to the vendor. All purchases shall be subject to audit and inspection by the local agency for which made.

The competitive bidding requirements of this chapter shall apply to purchases made under this section.

Purchases under this section shall be subject to the provisions of Section 10306.

No purchase shall be made under this section when bids have been received by the local agency for the furnishing of the materials, equipment, or supplies, unless the purchase by the department can be made at a lower price upon the same terms, conditions and specifications.

A charge shall be made to each local agency availing itself of this service, the charge to be not less than the estimated cost to the department of rendering the service, including costs incurred by the department in preparation for a purchase requested by a local agency in

instances where such request is canceled or withdrawn by the local agency prior to award of the contract or purchase order by the department.

The department may adopt such rules and regulations as are necessary for the purposes of this section.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10325. Each quarter the department shall upon request provide each city, county, city and county, district, local government body, or public corporation empowered to expend public funds for the acquisition of consumable materials and supplies and other interested parties with a list of such items available for purchase under Section 10324. The department may supplement the quarterly lists with a monthly supplement of changes, additions and deletions. Terms, conditions and specifications shall be provided upon request.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10326. In establishing bid specifications for the purchase of motor vehicles and in determining the lowest responsible bidder, consideration may be given by the state to the probable resale value of the vehicles as determined by recognized published used car marketing guides and other established historical evidence of future used motor vehicle value or, in lieu thereof, by contractual guarantee of the apparent low bidder that the resale value of the vehicle will be no less in proportion to bid price than any other comparable vehicle complying with specifications for which a bid was received.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10327. Except for motor vehicles described in Section 43805 of the Health and Safety Code, the provisions of Article 1 (commencing with Section 43800), Chapter 4, Part 5, Division 26 of the Health and Safety Code shall govern the purchase of all motor vehicles by the state to the extent that the Department of General Services determines that these low-emission vehicles are reasonable to meet state needs pursuant to Section 43804 of the Health and Safety Code.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10328. The bid requirements prescribed in this article are not applicable to purchases or contracts for the purchase of the following:

(a) Fluid milk and fluid cream, the price of which is established in accordance with Section 61871 of the Food and Agricultural Code.

(b) Fruits and vegetables procured under contract with growers for the use of canneries maintained and operated by state agencies, if these canneries are maintained and operated so that their canned products will meet the standards prescribed for similar commercially packed canned products under federal law.

(c) Such agricultural surpluses as may be available to the state or its agencies by any governmental agency.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10329. No person shall willfully split a single transaction into a series of transactions for the purposes evading the bidding requirements of this article.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10330. On July 1 of each year, the department shall establish the minimum dollar level below which authority to purchase materials, supplies, and equipment shall be delegated to state agencies that meet the requirements of Section 10333. The level established at eight hundred dollars (\$800) on January 1, 1983, and adjusted on July 1, 1983, pursuant to former Section 14792.1 of the Government Code, shall be retained and adjusted each July 1 thereafter to reflect, at a minimum, the percentage change from April 1 of the prior year to April 1 of the current year in the California Consumer Price Index for all items, as determined by the California Department of Industrial Relations.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10331. The department shall establish a program for delegating authority to purchase materials, supplies, and equipment to state agencies which meet the requirements of Section 10333. Each delegation shall be subject to annual review by the department. Delegated authority may be withdrawn at any time the department finds that the state agency to which authority has been delegated is not in compliance with the requirements of Section 10333. (Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10332. Any state agency that receives delegated authority to purchase materials, supplies, and equipment shall be authorized, at a minimum, to make the following types of purchases:

(a) Purchases not exceeding the dollar value established pursuant to Section 10330.

(b) Purchases in any amount of commodities available under an unexpired statewide or regional commodities contract. Purchases of commodities for which a valid statewide or regional commodities contract is in effect may not be made, without the approval of the office, from a vendor other than the vendor with whom the state has a valid contract.

(c) Purchases in any amount of articles, materials, and supplies that state agencies are required, by Section 2807 of the Penal Code, to purchase from the Prison Industry Authority.

(d) Purchases not exceeding fifteen thousand dollars (\$15,000) of materials, supplies, and equipment designated in price schedules that the office has established with vendors. Purchases not exceeding fifteen thousand dollars (\$15,000) of materials, supplies, and equipment designated in price schedules may be made from a vendor other than the vendor specified on a price schedule if another vendor offers the same or an equivalent commodity at a price lower than the price established in the price schedule. The agency shall notify the office prior to making the purchase. The purchase may be made 48 hours after receipt of the notice by the office unless the office advises the agency that the commodity to be purchased is not the same or equivalent to a commodity specified on a price schedule.

(e) Purchases not exceeding fifteen thousand dollars (\$15,000) of materials, supplies, and equipment which are available from the state warehouses but which the state agency can purchase from another vendor at a price lower than the price charged by the department. The agency shall notify the office prior to making the purchase. The purchase may be made 48 hours after receipt of the notice by the office unless the office advises the agency that the commodity to be purchased is not the same or equivalent to the commodity available from the state warehouses.

(Amended by Stats.1986, Ch. 626, § 6; Stats.1993, Ch. 589 (A.B.2211), § 131; Stats.1994, Ch. 982 (S.B.3162), § 4.)

§10333. (a) The department shall delegate purchasing authority, as specified in Section 10332, to any state agency which does all of the following:

(1) Designates an agency officer as responsible and directly accountable for the agency's purchasing program.

(2) Establishes written policies and procedures, including procedures for ensuring and documenting competitive purchasing, complying with purchasing standards established pursuant to Section 10307, inspecting purchased products for compliance with specifications, reporting vendor failures to deliver products as specified in purchase orders, ensuring that agency purchasing personnel are free from conflict of interest, and complying with other provisions of law as the department may require.

(3) Establishes procedures for complying with the provisions of the Small Business Procurement and Contract Act . The procedures shall include procedures for meeting the goals for the extent of participation of small businesses in state procurement as established by the department pursuant to subdivision (a) of Section 14838 of the Government Code.

(4) Establishes policies for training personnel in purchasing law and procedures, controlling and reviewing purchasing practices, auditing purchasing activities, and delegating purchasing authority within the agency.

(5) Reports such data to the Office of Procurement as the department may require.

(b) The department shall conduct an audit of each state agency to which purchasing authority has been delegated at least once in each three-year period. The authority to purchase materials, supplies, and equipment may be withdrawn by the department at any time that the

department finds that the state agency to which authority has been delegated is not in compliance with the requirements of this section.
(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10334. (a) No state employee shall purchase any goods, supplies, equipment, or materials from the state, unless the goods, supplies, equipment, or materials are offered to the general public in the regular course of the state's business on the same terms and conditions as those applicable to the employee. "State employee," as used in this section, means any employee of the state included within Section 82009 of the Government Code, and all officers and employees included within Section 4 of Article VII of the California Constitution, except those persons excluded from the definition of "designated employee" under the last paragraph of Section 82019 of the Government Code.

(b) Notwithstanding subdivision (a), any peace officer as defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, employed by the State of California for a period of more than 120 months who has been duly retired through a service retirement or a peace officer retiring from a job-incurred disability not related to a mental or emotional disorder and who has been granted the legal right to carry a concealed firearm pursuant to subdivision (a) of Section 12027 of the Penal Code may be authorized by the person's department head to purchase his or her state-issued handgun. Disability retired peace officers need not meet the 120 month employment requirement. The cost of the handgun shall be the fair market value as listed in the annual Blue Book of Gun Values or replacement cost, whichever is less, of the handgun issued as determined by the appointing power, plus a charge for the cost of handling. The retiring officer shall request to purchase his or her handgun in writing to the department within 30 calendar days of his or her retirement date.

(c) Notwithstanding subdivision (a), any peace officer described in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code employed by the State of California who is authorized to carry firearms may purchase his or her state-issued service firearm if the person's department head directs the department to change its state-issued service weapon system. The cost of the service firearm shall be the fair market value as listed in the annual Blue Book of Gun Values or replacement cost, whichever is less, of the firearm issued as determined by the department head, plus a charge for the cost of handling. The requesting officer shall request to purchase his or her firearm in writing to the department within 10 calendar days of receiving the new state-issued weapon.

(Amended by Stats.1985, Ch. 597, § 1; Stats.1987, Ch. 1176, § 2, eff. Sept. 26, 1987; Stats.1988, Ch. 163, § 6; Stats.1989, Ch. 1165, § 42; Stats.1989, Ch. 1167, § 6; Stats.1990, Ch. 82 (S.B.655), § 15, eff. May 3, 1990; Stats.1992, Ch. 1326 (A.B.3552), § 15.)

Article 4. Contracts For Services

§10335. (a) This article shall apply to all contracts entered into by any state agency for services to be rendered to the state, whether or not the services involve the furnishing or use of equipment, materials, or supplies or are performed by an independent contractor.

Except as provided in Section 10351, all contracts subject to this article are of no effect unless and until approved by the department.

Each contract shall be transmitted with all papers, estimates, and recommendations concerning it to the department and, if approved by the department, shall be effective from the date of approval.

This article shall apply to any state agency that by general or specific statute is expressly or impliedly authorized to enter into the transactions referred to in this section. This article shall not apply to contracts covered under Article 5 (commencing with Section 10355), contracts for the construction, alteration, improvement, repair, or maintenance of real or personal property, contracts for architectural and engineering services subject to Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code, to contracts that are expressly excepted from Section 10295, contracts of less than one thousand dollars (\$1,000) in amount, or

to contracts of less than five thousand dollars (\$5,000) where only per diem or travel expenses, or a combination thereof, are to be paid.

(b) In exercising its authority under this article with respect to contracts for the services of legal counsel, other than the Attorney General, entered into by any state agency that is subject to Section 11042 or Section 11043 of the Government Code, the department, as a condition of approval of the contract, shall require the state agency to demonstrate that the consent of the Attorney General to the employment of the other counsel has been granted pursuant to Section 11040 of the Government Code. This consent shall not be construed in a manner that would authorize the Attorney General to establish a separate program for reviewing and approving contracts in the place of, or in addition to, the program administered by the department pursuant to this article.

(c) Until January 1, 2001, the department shall maintain a list of contracts approved pursuant to subdivision (b). This list shall be filed quarterly with the Senate Committee on Budget and Fiscal Review and the Assembly Committee on Budget. The list shall be limited to contracts with a consideration in excess of twenty thousand dollars (\$20,000) during the life of the contract and shall include sufficient information to identify the provider of legal services, the length of each contract, applicable hourly rates, and the need for the services. The department shall add a contract that meets these conditions to the list within 10 days after approval. A copy of the list shall be made available to any requester. The department may charge a fee to cover the cost of supplying the list as provided in Section 6257 of the Government Code.

(Amended by Stats.1996, Ch. 386 (A.B.345), § 1.)

§10336. The Department of Finance may establish those controls over approval of contracts by the Department of General Services as are necessary to assure that approval is consistent with program and budgetary determinations of the Department of Finance. The controls established under this section shall not be constructed in a fashion or be construed in a manner which would authorize the Department of Finance to establish a separate program for reviewing and approving contracts in the place of, or in addition to, the program administered by the Department of General Services pursuant to this article. The Department of Finance, when it has reason to believe that a proposed contract is not in compliance with its program and budgetary determinations, may direct a state agency to transmit the contract to it for review. It is the intent of the Legislature, however, that any review of this type shall be restricted to individual contracts and shall occur only if no alternative course of action satisfactory to the Department of Finance is available.

(Added by Stats.1983, Ch. 1231, § 4.)

§10337. (a) The State Personnel Board may establish such standards and controls over approval of contracts by the Department of General Services as are necessary to assure that the approval is consistent with the merit employment principles and requirements contained in Article VII of the California Constitution. The substantive provisions of the standards shall be established at the discretion of the State Personnel Board. The specific procedures for contract review pursuant to such standards shall be established jointly by the board and the department.

It is the intent of the Legislature that except as provided in this section, the standards and controls established under this subdivision shall not be constructed in such a fashion or construed in such a manner as to authorize the State Personnel Board to establish a separate program for reviewing and approving each and every contract in the place of, or in addition to, the program administered by the Department of General Services pursuant to this article. The State Personnel Board may, when it has reason to believe that a proposed contract is not in compliance with the provisions of Section 19130 of the Government Code, and shall, when requested to do so by an employee organization representing state employees, direct a state agency to transmit the contract to it for review.

(b) The State Personnel Board shall direct any state agency to transmit to it for review any contract proposed or executed pursuant to subdivision (a) of Section 19130 of the Government Code, if the review has been requested by an employee organization notified pursuant to Section 19131 of the Government Code. The review shall occur prior to any review conducted by the Department of General Services. The board shall restrict its review to the question as to whether

the contract complies with the provisions of subdivision (a) of Section 19130 of the Government Code and any additional standards and controls established pursuant to subdivision (a) of this section. The board may disapprove the contract only if it determines that the contract does not comply.

The board shall delegate the review of such a contract to the executive officer of the board. Within 15 days of its receipt, the executive officer shall notify the employee organization which requested the review whether he or she intends to approve or disapprove it. If the employee organization requests it, the executive officer shall grant the employee organization the opportunity to present its case against the contract and the reasons why the contract should be referred to the board for a hearing. Upon a showing of good cause by the employee organization, the executive officer shall schedule the disputed contract for a hearing before the board for the purpose of receiving evidence and hearing arguments concerning the propriety of the disputed contract. In any case, the executive officer shall approve or disapprove the contract or refer it to the board for a hearing within 30 days of its receipt. The reasons for a decision by the executive officer, or the board, approving or disapproving the contract shall be stated in writing.

(c) A contract proposed or executed pursuant to subdivision (b) of Section 19130 of the Government Code shall be reviewed by the State Personnel Board if the board receives a request to conduct such a review from an employee organization representing state employees. Any such review shall be restricted to the question as to whether the contract complies with the provisions of subdivision (b) of Section 19130 of the Government Code. The board shall delegate the review of such a contract to the executive officer of the board. If the employee organization requests it, the executive officer shall grant the employee organization the opportunity to present its case against the contract and the reasons why the contract should be referred to the board for a hearing. Upon a showing of good cause by the employee organization, the executive officer shall schedule the disputed contract for a hearing before the board for the purpose of receiving evidence and hearing arguments concerning the propriety of the disputed contract. The executive officer shall approve or disapprove the contract or refer it to the board for a hearing within 30 days of its receipt. The reasons for the decision by the executive officer, or the board, approving or disapproving the contract shall be stated in writing.

(d) Contracts subject to State Personnel Board review under this section shall not become effective unless and until approval is granted.

(Added by Stats.1983, Ch. 1231, § 4.)

§10338. Repealed by Stats. 1990, Ch. 1044 (S.B.1703), § 15.

§10339. (a) Subject to the provisions of Section 10348, no state agency shall draft, or cause to be drafted, any invitation to bid or request for proposal, in connection with the awarding of a contract, in such a manner as to limit the bidding directly or indirectly to any one bidder.

(b) Any contract awarded in violation of subdivision (a) shall be void.

(Added by Stats.1983, Ch. 1231, § 4.)

§10340. (a) Except as provided by subdivision (b), state agencies shall secure at least three competitive bids or proposals for each contract.

(b) Three competitive bids or proposals are not required in any of the following cases:

(1) In cases of emergency where a contract is necessary for the immediate preservation of the public health, welfare, or safety, or protection of state property.

(2) When the agency awarding the contract has advertised the contract in the California State Contracts Register and has solicited all potential contractors known to the agency but has received less than three bids or proposals.

(3) The contract is with another state agency, a local governmental entity, an auxiliary organization of the California State University, an auxiliary organization of a California community college, a foundation organized to support the Board of Governors of the California Community Colleges, or an auxiliary organization of the Student Aid Commission established pursuant to Section 69522 of the Education Code.

(4) The contract meets the conditions prescribed by the department pursuant to subdivision (a) of Section 10348.

(5) The contract has been awarded without advertising and calling for bids pursuant to Section 19404 of the Welfare and Institutions Code.

(c) Any agency which has received less than three bids or proposals on a contract shall document, in a manner prescribed by the department, the names and addresses of the firms or individuals it solicited for bids or proposals.

(Amended by Stats.1986, Ch. 1123, § 15; Stats.1996, Ch. 961 (A.B.3133), § 5.)

§10341. Whenever a contract subject to the provisions of this article is awarded under a procedure which provides for competitive bidding, the bids shall be publicly opened at the time stated in the invitation for bids and the dollar amount of each bid shall be read. No bids shall be considered which have not been received at the place, and prior to the closing time for bids, stated in the invitation for bids.

(Added by Stats.1983, Ch. 1231, § 4.)

§10342. After opening, all bids shall be available for public inspection.

(Added by Stats.1983, Ch. 1231, § 4.)

§10343. Whenever a contract is awarded under a procedure providing for competitive bidding, but the contract is not to be awarded to the low bidder, the low bidder shall be given notice five working days prior to the award of the contract by telegram, electronic facsimile transmission, overnight courier, or personal delivery. Upon written request by any bidder who has submitted a bid, notice of the proposed award shall be posted in a public place in the offices of the contracting agency at least five working days prior to awarding the contract. If, prior to the award, any bidder files a protest with the state agency and department against the awarding of the contract on the ground that he or she is the lowest responsible bidder meeting the specifications for the contract, the contract shall not be awarded until either the protest has been withdrawn or the department has decided the matter.

Within five days after filing the protest, the protesting bidder shall file with the department a full and complete written statement specifying the grounds for the protest.

The department shall establish written procedures for deciding protests.

(Amended by Stats.1993, Ch. 153 (A.B.2050), § 2.)

§10344. (a) Contracts subject to the provisions of this article may be awarded under a procedure which makes use of a request for proposal. State agencies which use this procedure shall include in the request for proposal a clear, precise description of the work to be performed or services to be provided, a description of the format which proposals shall follow and the elements they shall contain, the standards the agency will use in evaluating proposals, the date on which proposals are due and the timetable the agency will follow in reviewing and evaluating them.

State agencies which use a procedure which makes use of a request for proposal shall evaluate proposals and award contracts in accordance with the provisions of subdivision (b) or (c). No proposals shall be considered which have not been received at the place, and prior to the closing time, stated in the request for proposal.

(b) State agencies which use the evaluation and selection procedure in this subdivision shall include in the request for proposal, in addition to the information required by subdivision (a), a requirement that bidders submit their proposals with the bid price and all cost information in a separate, sealed envelope.

Proposals shall be evaluated and the contract awarded in the following manner:

(1) All proposals received shall be reviewed to determine those which meet the format requirements and the standards specified in the request for proposal.

(2) The sealed envelopes containing the bid price and cost information for those proposals which meet the format requirements and standards shall then be publicly opened and read.

(3) The contract shall be awarded to the lowest responsible bidder meeting the standards.

(c) State agencies which use the evaluation and selection procedure in this subdivision shall include in the request for proposal, in addition to the information required by subdivision (a), a description of the methods which will be used in evaluating and scoring the proposals. Any evaluation and scoring method shall ensure that substantial weight in relationship to all other criteria utilized shall be given to the contract price proposed by the bidder.

Proposals shall be evaluated and the contract awarded in the following manner:

(1) All proposals shall be reviewed to determine which meet the format requirements specified in the request for proposal.

(2) All proposals meeting the formal requirements shall then be submitted to an agency evaluation committee which shall evaluate and score the proposals using the methods specified in the request for proposal. All proposals and all evaluation and scoring sheets shall be available for public inspection at the conclusion of the committee scoring process.

(3) The contract shall be awarded to the bidder whose proposal is given the highest score by the evaluation committee.

(d) Nothing in this section shall require the awarding of the contract if no proposals are received containing bids offering a contract price which in the opinion of the state agency is a reasonable price.

(Added by Stats.1983, Ch. 1231, § 4. Amended by Stats.1984, Ch. 154, § 3.)

10344.1. The Department of Personnel Administration, with respect to contracts entered into by the department for state employees in State Bargaining Unit 8 or 16 for employee benefits, occupational health and safety, training services, or any combination thereof, shall provide all qualified bidders with a fair opportunity to enter the bidding process, therefore stimulating competition in a manner conducive to sound fiscal practices. The Department of Personnel Administration shall make available to any member of the public its guidelines for awarding these contracts, and to the extent feasible, implement the objectives set forth in Section 10351. (Amended by Stats. 1998, Ch. 1024, AB 1291, Strom-Martin)).

§10344.3. The Department of Personnel Administration, with respect to contracts entered into by the department for state employees in State Bargaining Unit 19 for employee benefits, occupational health and safety, training services, or any combination thereof, shall provide all qualified bidders with a fair opportunity to enter the bidding process, therefore stimulating competition in a manner conducive to sound fiscal practices. The Department of Personnel Administration shall make available to any member of the public its guidelines for awarding these contracts, and to the extent feasible, implement the objectives set forth in Section 10351.

(Added by Stats. 1998, Ch. 91, (SB 1501, Knight)).

§10345. Contracts awarded under the provisions of Section 10344 shall be awarded only after a notice of the proposed award has been posted in the offices of the contracting agency for five working days. If, prior to the award, any bidder files a protest with the awarding authority and department against the awarding of the contract, the contract shall not be awarded until either the protest has been withdrawn or the department has decided the matter.

Within five days after filing the protest, the protesting bidder shall file with the department and awarding agency a full and complete written statement specifying the grounds for the protest. Protests shall be limited to the following grounds:

(a) The agency failed to follow the procedures specified in either subdivision (b) or (c) of Section 10344.

(b) The agency failed to apply correctly the standards for reviewing the format requirements or evaluating the proposals as specified in the request for proposal.

(c) The agency used the evaluation and selection procedure in subdivision (b) of Section 10344, but is proposing to award the contract to a bidder other than the lowest responsible bidder.

(d) The agency used the evaluation and selection procedure in subdivision (c) of Section 10344, but failed to follow the methods for evaluating and scoring the proposals specified in the request for proposal.

(e) The agency used the evaluation and selection procedure in subdivision (c) of Section 10344, but is proposing to award the contract to a bidder other than the bidder given the highest score by the agency evaluation committee.

The department shall establish written procedures for deciding protests under this section. (Added by Stats.1983, Ch. 1231, § 4. Amended by Stats.1984, Ch. 154, § 4.)

§10346. Contracts may provide for progress payments to contractors for work performed or costs incurred in the performance of the contract. Not less than 10 percent of the contract amount shall be withheld pending final completion of the contract. However, if the contract consists of the performance of separate and distinct tasks, then any funds so withheld with regard to a particular task may be paid upon completion of that task.

No state agency shall make progress payments on a contract unless it first has established procedures, approved by the department, which will ensure that the work or services contracted are being delivered in accordance with the contract. (Amended by Stats.1992, Ch. 637 (A.B.2149), § 1.)

§10347. Repealed by Stats.1990, Ch. 1044 (S.B.1703), § 2.

§10348. The department shall prescribe the following:

(a) The conditions under which a contract may be awarded without competition, and the methods and criteria which shall be used in determining the reasonableness of contract costs when a contract is awarded without competition.

(b) Any special requirements for evaluating multiple-year contracts which the department deems necessary to protect the financial interest of the state. (Added by Stats.1983, Ch. 1231, § 4.)

§10349. The Department of Personnel Administration shall establish a program for training state agency contracting personnel in contract administration and contract management. The cost of training state agency contracting personnel shall be paid by state agencies out of their appropriations for personnel training. The Department of Personnel Administration shall, prior to establishing the training program required by this section, consult with the Department of General Services concerning the training curriculum and the development of a training manual on contract administration.

(Added by Stats.1983, Ch. 1231, § 4. Amended by Stats.1985, Ch. 1226, § 2; Stats.1983, Ch. 1231, § 4.)

§10350. The department shall report to the Legislature, in accordance with such procedures as the Legislature may require, those contracts entered into by state agencies which the Legislature specifies in the Budget Act.

(Added by Stats.1983, Ch. 1231, § 4.)

§10351. (a) The department shall exempt from its approval contracts under seventy-five thousand dollars (\$75,000) that any state agency awards if the agency does all of the following:

(1) Designates an agency officer as responsible and directly accountable for the agency's contracting program.

(2) Establishes written policies and procedures and a management system that will ensure the agency's contracting activities comply with applicable provisions of law and regulations and that it has demonstrated the ability to carry out these policies and procedures and to implement the management system.

(3) Establishes a plan for ensuring that contracting personnel are adequately trained in contract administration and contract management.

(4) Conducts an audit every two years of the contracting program and reports to the department as it may require.

(5) Establishes procedures for reporting to the department and the Legislature on such contracts as the Legislature may require in the Budget Act.

(b) Any state agency may request the department to exempt from its approval classes or types of contracts under this section. When the department receives such a request but refuses to grant the exemption, it shall state in writing the reasons for the refusal. It is the intent of the Legislature that the department shall actively implement the provisions of this section and shall exempt from its approval as wide a range of classes or types of contracts as is consistent with proper administrative controls and the best interests of the state.
(Amended by Stats.1990, Ch. 1044 (S.B.1703), § 3; Stats.1994, Ch. 284 (A.B.2668), § 1.)

§10352. (a) The department shall conduct a quality control review of the audit of the contracting program required by Section 10351.

(b) The exemption provided by Section 10351 may be withdrawn by the department at any time that the department finds that the state agency to which the exemption has been granted is out of compliance with the requirements of Section 10351. In any case where the exemption is withdrawn, the department shall state in writing, the reasons for the withdrawal and shall specify the actions the state agency is required to take before the exemption again may be requested.
(Amended by Stats.1990, Ch. 1044 (S.B.1703), § 4.)

§10353. A contract in an amount in excess of two hundred thousand dollars (\$200,000) which is governed by the provisions of this part shall contain a provision requiring the contractor to give priority consideration in filling vacancies in positions funded by the contract to qualified recipients of aid under Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code, in accordance with Article 3.9 (commencing with Section 11349) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

This section and Article 3.9 (commencing with Section 11349) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code shall not be applicable to any contracts for a project as defined in Section 10105.

This section and Article 3.9 (commencing with Section 11349) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code shall not be construed so as to do any of the following:

- (a) Interfere with or create a violation of the terms of valid collective bargaining agreements.
- (b) Require the contractor to hire an unqualified recipient of aid.
- (c) Interfere with, or create a violation of, any federal affirmative action obligation of a contractor for hiring disabled veterans or veterans of the Vietnam era.
- (d) Interfere with, or create a violation of, the requirements of Section 12990 of the Government Code.

If waivers are deemed necessary to implement this section and Article 3.9 (commencing with Section 11349) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, and if the State Department of Social Services has not obtained these waivers from the federal government by March 1, 1985, the department shall report on the barriers to the waivers and the expected date of waiver approval.

(Added by Stats.1984, Ch. 1259, § 2.)

§10353.5. (a) Any contract for legal services shall contain the following provisions:

(1) The contractor shall agree to adhere to legal cost and billing guidelines designated by the state agency.

(2) The contractor shall adhere to litigation plans designated by the state agency.

(3) The contractor shall adhere to case phasing of activities designated by the state agency.

(4) The contractor shall submit and adhere to legal budgets as designated by the state agency.

(5) The contractor shall maintain legal malpractice insurance in an amount not less than the amount designated by the state agency.

(6) The contractor shall submit to legal bill audits and law firm audits if requested by the state agency. The audits may be conducted by employees or designees of the state agency or by any legal cost control providers retained by the state agency for that purpose.

(b) A contractor may be required to submit to a legal cost and utilization review, as determined by the state agency.

(c) As used in this section, the following definitions apply:

(1) "Legal bill audits," means an evaluation and analysis of the reasonableness of particular legal bills submitted to a state agency for reimbursement.

(2) "Law firm audit," means a review of law firm files applicable to legal services provided to a state agency for a particular time period.

(3) "Legal cost and utilization review," means a review performed by the state agency or its legal cost provider of the utilization and billing practices of a contractor for the purpose of developing or revising guidelines to be followed prospectively by the contractor in representing the state agency.

(4) "Contract for legal service," shall include any contract between a state agency and any law firm, professional corporation, law firm partnership, or individual attorney to perform legal work on behalf of the state agency.

(5) "Legal cost control provider," means any corporation, professional corporation, partnership, or sole proprietorship which possesses the following qualifications:

(A) Maintains an office in the state.

(B) Is authorized to do business in the state.

(C) Has existed as a legal cost control provider for at least two complete, successive years, as evidenced by filings of tax returns.

(D) All legal cost control services are provided by attorneys.

(E) All attorneys providing the legal cost control services are admitted to practice in this state.

(F) All attorneys have been admitted to practice in this state for a minimum of five years prior to the performance of any legal cost control services for any state agency.

(G) Any legal cost control provider shall maintain professional liability insurance in the amount designated by the state agency.

(Added by Stats.1992, Ch. 734 (S.B.1847), § 1.)

§10354. Contractors shall certify in writing, under penalty of perjury, to the state agency awarding a contract, the minimum, if not exact, percentage of recycled content, both postconsumer material and secondary material as defined in Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of the contract, regardless of whether the product meets the required recycled product percentage as defined in Sections 12161 and 12200. The contractor may certify that the product contains zero recycled content. This section shall apply to all state contracts and, to the extent feasible, all federally funded contracts.

(Added by Stats.1989, Ch. 1094, § 3. Amended by Stats.1994, Ch. 942 (S.B.1915), § 4.)

Article 5. Consulting Services Contracts

§10355. The Legislature of the State of California hereby finds and declares there is a present and growing need to reduce state fiscal expenditures, whenever and wherever it is practicable to do so.

The Legislature further finds and declares that fees for consulting services contracts are a major budget item for many departments and agencies.

The Legislature further finds and declares that many agencies are awarding consulting services contracts without adequate competition; that there are inadequate controls over payments for consulting services contracts; that there is sometimes improper administration of consulting services contracts; that reports produced by consulting services contracts are often not used; and that there is inaccurate reporting of consulting services contracts.

Therefore, in order to achieve accountability and reduced fiscal expenditures, it is the intent of the Legislature, in enacting this article, to ensure the development of methods of applying cost-benefit standards, standards of initial merit for awarding consulting services contracts, and standards for determining product benefit of such contracts.

(Added by Stats.1983, Ch. 1231, § 4.)

§10356. (a) "Consulting services contract," as used in this article, means all services which are of an advisory nature, provide a recommended course of action or personal expertise, have an end product which is basically a transmittal of information either written or verbal and which is related to the governmental functions of state agency administration and management and state agency program management or innovation, and which are obtained by awarding a procurement-type contract, a grant, or any other payment of funds for services of the above type.

The product may include anything from answers to specific questions to design of a system or plan, and includes workshops, seminars, retreats, and conferences for which paid expertise is retained by contract.

(b) "Consulting services contract" does not include any of the following:

(1) Contracts between a state agency or department and the federal government.

(2) Contracts with local agencies, as defined in Section 2211 of the Revenue and Taxation Code, to subvene federal funds for which no matching state funds are required.

(3) Contracts for the development, maintenance, administration, or use of licensing or proficiency testing examinations.

(4) Contracts for architectural and engineering services subject to the provisions of Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code.

(5) Contracts which are expressly excepted from the provisions of Section 10295.

(c) The following consulting services contracts are exempt from the advertising and bidding requirements of this article:

(1) Contracts which are temporary or time-limited appointments to a nontesting civil service classification for the purpose of meeting a time-limited employment need. Selection and compensation for these appointments shall be made in accordance with state civil service requirements. Payment under a consulting service contract may be on the basis of each hour or day devoted to the task or in one lump sum for the end product.

(2) Contracts that can only be performed by a public entity as defined in subdivision (b) of Section 605 of the Unemployment Insurance Code.

(3) Contracts for the work or services of one state, local, or federal agency by another state, local, or federal agency.

(4) Contracts for which only per diem and travel expenses are paid and there is no payment for services rendered.

(5) Contracts solely for the purpose of obtaining expert witnesses for litigation.

(6) Contracts for legal defense, legal advice, or legal services.

(7) Contracts in an amount of less than one thousand dollars (\$1,000).

(8) Contracts by which only per diem or travel expenses, or a combination thereof, are to be paid in an amount of less than five thousand dollars (\$5,000).

(Added by Stats.1983, Ch. 1231, § 4. Amended by Stats.1984, Ch. 154, § 6.)

§10357. "State agency or department" as used in this article, means every state office, department, division, bureau, board, or commission, but does not include the Legislature, the courts, or any agency in the judicial branch of government.

(Added by Stats.1983, Ch. 1231, § 4.)

§10358. (a) Each state agency or department shall designate at least one currently existing person or position within the state agency or department as a contract manager. Every contract manager shall have knowledge of legal contractual arrangements.

(b) The Department of Personnel Administration shall establish a program for training state agency contracting personnel in contract administration and contract management. The cost of training state agency contracting personnel shall be paid by state agencies out of their appropriations for personnel training. The Department of Personnel Administration shall, prior to establishing the training program required by this section, consult with the Department of General Services concerning the training curriculum and the development of a training manual on contract administration.

(Added by Stats.1983, Ch. 1231, § 4.)

§10359. (a) Each state agency or department shall annually prepare a report pursuant to this section which includes a list of the consultant contracts into which it has entered during the previous fiscal year. The listing shall include the following information:

(1) The name and identification of each contractor.

(2) The type of bidding entered into, the number of bidders, whether the low bidder was accepted, and if the low bidder was not accepted, an explanation of why another contractor was selected.

(3) The amount of the contract price.

(4) Whether the contract was a sole-source contract, and why the contract was a sole-source contract.

(5) The purpose of the contract and the potential beneficiaries.

(6) The date on which the initial contract was signed, the date on which the work began and was completed.

The report shall also include a separate listing of consultant contracts completed during that fiscal year, with the same information as above.

(b) The report this section requires shall also include a list of any contracts underway during that fiscal year on which any change was made regarding the following:

(1) The completion date of the contract.

(2) The amount of money to be received by the contractor, if it exceeds 3 percent of the original contract price.

(3) The purpose of the contract or duties of the contractor. A brief explanation shall be given if the change in purpose is significant.

(c) Copies of the annual report shall be sent within 30 working days after the end of the previous fiscal year to the Legislative Analyst, the Department of Finance, the Department of General Services, the Auditor General, the Joint Legislative Budget Committee, the Senate Appropriations Committee, and the Assembly Ways and Means Committee.

(d) State agencies or departments shall not use the temporary budget allocation process as a means of circumventing the requirements of this section.

(e) Sixty days after the close of the fiscal year, the Department of General Services shall furnish to the officials and committees listed in subdivision (c), a list of the departments and agencies which have not submitted the required report specified in this section.

(Amended by Stats.1990, Ch. 1044 (S.B.1703), § 5.)

§10360. All consulting services contracts are of no effect unless and until approved by the Department of General Services. Every such contract shall be transmitted with all papers, evaluation forms, estimates, and recommendations concerning it to the department and, if approved by the department, shall be effective from the date of approval.
(Added by Stats.1983, Ch. 1231, § 4.)

§10361. Repealed by Stats.1983, Ch. 1231, § 4.

§10362. (a) The State Personnel Board may establish such standards and controls over approval of consulting services contracts by the Department of General Services as are necessary to assure that the approval is consistent with the merit employment principles and requirements contained in Article VII of the California Constitution. The substantive provisions of the standards shall be established at the discretion of the State Personnel Board. The specific procedures for contract review pursuant to such standards shall be established jointly by the board and the department.

It is the intent of the Legislature that except as provided in this section, the standards and controls established under this subdivision shall not be constructed in such a fashion or construed in such a manner as to authorize the State Personnel Board to establish a separate program for reviewing and approving each and every contract in the place of, or in addition to, the program administered by the Department of General Services pursuant to this article. The State Personnel Board may, when it has reason to believe that a proposed contract is not in compliance with the provisions of Section 19130 of the Government Code, and shall, when

requested to do so by an employee organization representing state employees, direct a state agency to transmit the contract to it for review.

(b) The State Personnel Board shall direct any state agency to transmit to it for review any consulting services contract proposed or executed pursuant to subdivision (a) of Section 19130 of the Government Code, if the review has been requested by an employee organization notified pursuant to Section 19131 of the Government Code. The review shall occur prior to any review conducted by the Department of General Services. The board shall restrict its review to the question as to whether the contract complies with the provisions of subdivision (a) of Section 19130 of the Government Code and any additional standards and controls established pursuant to subdivision (a) of this section. The board may disapprove the contract only if it determines that the contract does not comply.

The board shall delegate the review of such a contract to the executive officer of the board. Within 15 days of its receipt, the executive officer shall notify the employee organization which requested the review whether he or she intends to approve or disapprove it. If the employee organization requests it, the executive officer shall grant the employee organization the opportunity to present its case against the contract and the reasons why the contract should be referred to the board for a hearing. Upon a showing of good cause by the employee organization, the executive officer shall schedule the disputed contract for a hearing before the board for the purpose of receiving evidence and hearing arguments concerning the propriety of the disputed contract. In any case, the executive officer shall approve or disapprove the contract or refer it to the board for a hearing within 30 days of its receipt. The reasons for a decision by the executive officer, or the board, approving or disapproving the contract shall be stated in writing.

(c) A consulting services contract proposed or executed pursuant to subdivision (b) of Section 19130 of the Government Code shall be reviewed by the State Personnel Board if the board receives a request to conduct such a review from an employee organization representing state employees. Any such review shall be restricted to the question as to whether the contract complies with the provisions of subdivision (b) of Section 19130 of the Government Code. The board shall delegate the review of such a contract to the executive officer of the board. If the employee organization requests it, the executive officer shall grant the employee organization the opportunity to present its case against the contract and the reasons why the contract should be referred to the board for a hearing. Upon a showing of good cause by the employee organization, the executive officer shall schedule the disputed contract for a hearing before the board for the purpose of receiving evidence and hearing arguments concerning the propriety of the disputed contract. The executive officer shall approve or disapprove the contract or refer it to the board for a hearing within 30 days of its receipt. The reasons for the decision by the executive officer, or the board, approving or disapproving the contract shall be stated in writing.

(d) Contracts subject to State Personnel Board review under this section shall not become effective unless and until approval is granted.

(Added by Stats.1983, Ch. 1231, § 4.)

§10363. The Department of Finance may establish controls over approval of contracts by the Department of General Services which are necessary to assure that approval is consistent with program and budgetary determinations of the Department of Finance. The controls established under this section shall not be constructed in any fashion or construed in any manner which authorizes the Department of Finance to establish a separate program for reviewing and approving contracts in the place of, or in addition to, the program administered by the Department of General Services pursuant to this article. The Department of Finance may, when it has reason to believe that a proposed contract is not in compliance with its program and budgetary determinations, direct a state agency or department to transmit the contract to it for review. It is the intent of the Legislature, however, that this review shall be restricted to individual contracts and shall occur only if no alternative course of action satisfactory to the Department of Finance is available.

(Added by Stats.1983, Ch. 1231, § 4.)

§10364. (a) The department shall exempt from its approval consulting services contracts under seventy-five thousand dollars (\$75,000) that any state agency awards if the agency does all of the following:

(1) Designates an agency officer as responsible and directly accountable for the agency's contracting program.

(2) Establishes written policies and procedures and a management system that will ensure the agency's contracting activities comply with applicable provisions of law and regulations and that it has demonstrated the ability to carry out these policies and procedures and to implement the management system.

(3) Establishes a plan for ensuring that contracting personnel are adequately trained in contract administration and contract management.

(4) Conducts an audit every two years of the contracting program and reports to the department as it may require.

(5) Establishes procedures for reporting to the department and the Legislature on such contracts as the Legislature may require in the Budget Act.

(b) Any state agency may request the department to exempt from its approval classes or types of contracts under this section. When the department receives such a request but refuses to grant the exemption, it shall state in writing the reasons for the refusal. It is the intent of the Legislature that the department shall actively implement the provisions of this section and shall exempt from its approval as wide a range of classes or types of contracts as is consistent with proper administrative controls and the best interests of the state.

(Amended by Stats.1990, Ch. 1044 (S.B.1703), § 6; Stats.1994, Ch. 284 (A.B.2668), § 2.)

10365. (a) The department shall conduct a quality control review of the audit of the contracting program required by Section 10364.

(b) The exemption provided by Section 10364 may be withdrawn by the department at any time that the department finds that the state agency to which the exemption has been granted is out of compliance with the requirements of Section 10364. In any case where the exemption is withdrawn, the department shall state in writing the reasons for the withdrawal and shall specify the actions the state agency is required to take before the exemption again may be requested.

(Amended by Stats.1990, Ch. 1044 (S.B.1703), § 7.)

§10365.5. (a) No person, firm, or subsidiary thereof who has been awarded a consulting services contract may submit a bid for, nor be awarded a contract for, the provision of services, procurement of goods or supplies, or any other related action which is required, suggested, or otherwise deemed appropriate in the end product of the consulting services contract.

(b) Subdivision (a) does not apply to any person, firm, or subsidiary thereof who is awarded a subcontract of a consulting services contract which amounts to no more than 10 percent of the total monetary value of the consulting services contract.

(c) Subdivisions (a) and (b) do not apply to consulting services contracts subject to Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code.

(Added by Stats.1990, Ch. 344 (A.B.3285), § 1. Amended by Stats.1991, Ch. 1091 (A.B.1487), § 123.)

§10366. Consulting services contracts subject to the approval of the department shall also have approval for a modification or amendment thereto, with the following exception:

An amendment to a consulting services contract which only extends the original time for completion of performance for a period of one year or less is exempt. If the original contract was subject to approval by the department, then one fully executed copy, with Contract Transmittal Standard Form 15, explaining the reason for the extension, shall be sent to the Legal Office of the department. A contract may only be amended once under this exemption.

Contracts let or awarded on the basis of a law requiring competitive bidding may be modified or amended only if the contract so provides or if authorized by the law requiring competitive bidding.

If an amendment to a consulting services contract has the effect of giving the contract as amended an increase in monetary amount, or an agreement by the state to indemnify or save

harmless any person, the amendment shall be approved by the Department of General Services.

(Added by Stats.1983, Ch. 1231, § 4.)

§10367. (a) Each contractor shall be advised in writing on the standard contract form that his or her performance, or the firm's performance under the contract will be evaluated.

(b) The department shall use standardized evaluation forms and submit the forms to every state agency or department. Each state agency or department shall use post-evaluation forms to evaluate all consulting services contracts totaling five thousand dollars (\$5,000) or more.

The department shall devise standards and criteria for the post-evaluation forms. These standardized post-evaluation forms shall consist of a form for assessing the need and value of the consulting services contract to the state, and a form for assessing the usability and utility of the completed consulting services contract.

(Amended by Stats.1990, Ch. 1044 (S.B.1703), § 8.)

§10368. Repealed by Stats.1990, Ch. 1044 (S.B.1703), § 9.

§10369. (a) Each state agency shall conduct a post-evaluation, by completing the post-evaluation form, of each consulting services contract totaling five thousand dollars (\$5,000) or more that it executes.

(b) The agency shall evaluate the performance of the contractor in doing the work or delivering the services for which the contract was awarded. The agency shall report on all of the following:

(1) Whether the contracted work or services were completed as specified in the contract, and reasons for and amount of any cost overruns or delayed completions.

(2) Whether the contracted work or services met the quality standards specified in the contract.

(3) Whether the contractor fulfilled all the requirements of the contract and if not, in what ways the contractor did not fulfill the contract.

(4) Factors outside the control of the contractor that caused difficulties in contractor performance.

(5) Other information the department may require.

(6) How the contract results and findings will be utilized to meet the agency goals.

(c) If the contractor's performance was judged unsatisfactory on any of the factors specified in subdivision (b) and was not mitigated by circumstances specified in paragraph (4) of subdivision (b), the evaluation shall be considered unsatisfactory for the purposes of subdivisions (e) and (f).

(d) The post-evaluation shall be prepared within 60 days of the completion of the contract.

(e) Post-evaluations shall remain on file by the agency for a period of 36 months. If the contractor did not satisfactorily perform the work or service specified in the contract, the agency conducting the evaluation shall place one copy of the evaluation form in the agency's contract file and send one copy of the form to the department within five working days of the completion of the evaluation.

(f) Upon filing an unsatisfactory evaluation with the department, the state agency shall notify and send a copy of the evaluation to the contractor within 15 days. The contractor shall have 30 days to prepare and send statements to the agency and the department defending his or her performance under the contract. The contractor's statement shall be filed with the evaluation in the agency's contract file and in the department.

(Amended by Stats.1990, Ch. 1044 (S.B.1703), § 10.)

§10370. The evaluations and contractor responses on file with the state agencies and the department shall not be public records. The department shall act as a central depository for all state agencies making evaluation or desiring information on a contractor's record with the state and shall send a copy of any post-evaluation report and response to the contracting manager or contracting officer of any state agency upon receiving a written, telephonic or other form of

request stating the reason for the request. The post-evaluations and contractor responses shall remain on file for a period of 36 months only.

Failure to send a negative post-evaluation to the department shall be grounds for rejection of future contracts or modification of exemptions.

(Amended by Stats.1990, Ch. 1044 (S.B.1703), § 11.)

§10371. The following provisions shall apply to all consulting services contracts:

(a) Each state agency shall, regardless of the fiscal amount involved, use available private resources only when the quality of work of private resources is of at least equal quality compared with the state agency operated resources.

(b) Any state agency that enters into or expects to enter into more than one consulting services contract with the same individual, business firm, or corporation within a 12-month period for an aggregate amount of twelve thousand five hundred dollars (\$12,500) or more, shall notify, in writing, the department and shall have each contract that exceeds an aggregate amount of twelve thousand five hundred dollars (\$12,500) approved by the department.

(c) Each state agency shall, prior to signing a consulting services contract totaling one thousand dollars (\$1,000), or more prepare detailed criteria and a mandatory progress schedule for the performance of the contract and shall require each selected contractor to provide a detailed analysis of the costs of performing the contract.

(d) Except in an emergency, no consulting services contract shall be commenced prior to formal approval by the department or, if the department's approval is not otherwise required, by the director of the state agency. No payments for any consulting services contract shall be made prior to this approval of the award.

For the purpose of this subdivision an "emergency" means an instance, as determined by the department, where the use of contracted services appeared to be reasonably necessary but time did not permit the obtaining of prior formal approval of the contract.

(e) No consulting services contractor shall be awarded a contract totaling five thousand dollars (\$5,000), or more, unless all of the following apply:

(1) The state agency has reviewed any contractor evaluation form on file with the Department of General Services in accordance with Section 10369.

(2) Each agency shall require that a completed resume for each contract participant who will exercise a major administrative role or major policy or consultant role, as identified by the contractor, be attached to the contract for public record and is made a part of the contract.

(3) The Department of General Services shall notify an agency seeking approval of a proposed contract within 10 working days if the Department of General Services has a negative evaluation in its files on a previous contract or contracts done by this contractor.

(f) The department may require special evaluation procedures for multiyear contracts or for contracts calling for special evaluation procedures beyond the post-evaluation.

(g) Any contract for consulting services awarded without competition shall be listed in the California State Contracts Register. The information contained in the listing shall include the contract recipient, amount, and services covered. The requirement of this subdivision shall not apply to any contract awarded without competition executed with an expert witness for purposes of civil litigation in a pending case.

(h) The department shall have the duty to restrict or terminate the authority of a state agency to enter into consultant contracts if the agency has consistently avoided the proper preparation, retention, or submission of post-evaluation forms, as required by this article.

(Amended by Stats.1990, Ch. 1044 (S.B.1703), § 12.)

§10372. (a) Subject to the provisions of Section 10380, no state agency shall draft, or cause to be drafted, any invitation to bid or request for proposal, in connection with the awarding of a consulting services contract, in such a manner as to limit the bidding directly or indirectly to any one bidder.

(b) Any contract awarded in violation of subdivision (a) shall be void.

(Added by Stats.1983, Ch. 1231, § 4.)

§10373. (a) Except as provided by subdivision (b), state agencies shall secure at least three competitive bids or proposals for each consulting services contract.

(b) Three competitive bids or proposals are not required in any of the following cases:

(1) In cases of emergency where a contract is necessary for the immediate preservation of the public health, welfare, or safety, or protection of state property.

(2) When the agency awarding the contract has advertised the contract in the California State Contracts Register and has solicited all potential contractors known to the agency but has received less than three bids or proposals.

(3) The contract is with another state agency or with a local governmental entity.

(4) The contract meets the conditions prescribed by the department pursuant to subdivision (a) of Section 10380.

(c) Any agency which has received less than three bids or proposals on a contract shall document, in a manner prescribed by the department, the names and addresses of the firms or individuals it solicited for bids or proposals.

(Added by Stats.1983, Ch. 1231, § 4.)

§10374. Whenever a consulting services contract is awarded under a procedure which provides for competitive bidding, the bids shall be publicly opened at the time stated in the invitation for bids and the dollar amount of each bid shall be read. No bids shall be considered which have not been received at the place, and prior to the closing time for bids, stated in the invitation for bids.

(Added by Stats.1983, Ch. 1231, § 4.)

§10375. After opening, all bids shall be available for public inspection.

(Added by Stats.1983, Ch. 1231, § 4.)

§10376. Whenever a consulting services contract is awarded under a procedure providing for competitive bidding, but the contract is not to be awarded to the low bidder, the low bidder shall be given notice five working days prior to the award of the contract by telegram, electronic facsimile transmission, overnight courier, or personal delivery. Upon written request by any bidder who has submitted a bid, notice of the proposed award shall be posted in a public place in the offices of the contracting agency at least five working days prior to awarding the contract. If, prior to the award, any bidder files a protest with the state agency and department against the awarding of the contract on the ground that he or she is the lowest responsible bidder meeting the specifications for the contract, the contract shall not be awarded until either the protest has been withdrawn or the Department of General Services has decided the matter.

Within five days after filing the protest, the protesting bidder shall file with the department a full and complete written statement specifying the grounds for the protest.

The department shall establish written procedures for deciding protests.

(Amended by Stats.1993, Ch. 153 (A.B.2050), § 3.)

§10377. (a) Consulting services contracts may be awarded under a procedure which makes use of a request for proposal. State agencies which use this procedure shall include in the request for proposal a clear, precise description of the work to be performed or services to be provided, a description of the format which proposals shall follow and the elements they shall contain, the standards the agency will use in evaluating proposals, the date on which proposals are due and the timetable the agency will follow in reviewing and evaluating them.

State agencies which use a procedure which makes use of a request for proposal shall evaluate proposals and award contracts in accordance with the provisions of subdivision (b) or (c). No proposals shall be considered which have not been received at the place, and prior to the closing time, stated in the request for proposal.

(b) State agencies which use the evaluation and selection procedure in this subdivision shall include in the request for proposal, in addition to the information required by subdivision (a), a requirement that bidders submit their proposals with the bid price and all cost information in a separate, sealed envelope.

Proposals shall be evaluated and the contract awarded in the following manner:

(1) All proposals received shall be reviewed to determine those which meet the format requirements and the standards specified in the request for proposal.

(2) The sealed envelopes containing the bid price and cost information for those proposals which meet the format requirements and standards shall then be publicly opened and read.

(3) The contract shall be awarded to the lowest responsible bidder meeting the standards.

(c) State agencies which use the evaluation and selection procedure in this subdivision shall include in the request for proposal, in addition to the information required by subdivision (a), a description of the methods which will be used in evaluating and scoring the proposals. Any evaluation and scoring method shall ensure that substantial weight in relationship to all other criteria utilized shall be given to the contract price proposed by the bidder.

Proposals shall be evaluated and the contract awarded in the following manner:

(1) All proposals shall be reviewed to determine which meet the format requirements specified in the request for proposal.

(2) All proposals meeting the formal requirements shall then be submitted to an agency evaluation committee which shall evaluate and score the proposals using the methods specified in the request for proposal. All proposals and all evaluation and scoring sheets shall be available for public inspection at the conclusion of the committee scoring process.

(3) The contract shall be awarded to the bidder whose proposal is given the highest score by the evaluation committee.

(d) Nothing in this section shall require the awarding of the contract if no proposals are received containing bids offering a contract price which in the opinion of the state agency is a reasonable price.

(Added by Stats.1983, Ch. 1231, § 4. Amended by Stats.1984, Ch. 154, § 9.)

§10378. Contracts awarded under the provisions of Section 10377 shall be awarded only after a notice of the proposed award has been posted in the offices of the contracting agency for five working days. If, prior to the award, any bidder files a protest with the awarding authority and department against the awarding of the contract, the contract shall not be awarded until either the protest has been withdrawn or the Department of General Services has decided the matter.

Within five days after filing the protest, the protesting bidder shall file with the department and awarding agency a full and complete written statement specifying the grounds for the protest. Protests shall be limited to the following grounds:

(a) The agency failed to follow the procedures specified in subdivision (b) or (c) of Section 10377.

(b) The agency failed to apply correctly the standards for reviewing the format requirements or evaluating the proposals as specified in the request for proposal.

(c) The agency used the evaluation and selection procedure in subdivision (b) of Section 10377, but is proposing to award the contract to a bidder other than the lowest responsible bidder.

(d) The agency used the evaluation and selection procedure in subdivision (c) of Section 10377, but failed to follow the methods for evaluating and scoring the proposals specified in the request for proposal.

(e) The agency used the evaluation and selection procedure in subdivision (c) of Section 10377, but is proposing to award the contract to a bidder other than the bidder given the highest score by the agency evaluation committee.

The department shall establish written procedures for deciding protests under this section.

(Added by Stats.1983, Ch. 1231, § 4. Amended by Stats.1984, Ch. 154, § 10.)

§10379. Contracts may provide for progress payments to contractors for work performed or costs incurred in the performance of the contract. Not less than 10 percent of the contract amount shall be withheld pending final completion of the contract and an evaluation of the contractor's performance. However, if the contract consists of the performance of separate and distinct tasks, then any funds so withheld with regard to a particular task may be paid upon completion of that task and an evaluation of the contractor's performance.

No state agency shall make progress payments on a contract unless it first has established procedures, approved by the department, which will ensure that the work or services contracted are being delivered in accordance with the contract.
(Amended by Stats.1992, Ch. 637 (A.B.2149), § 2.)

§10380. The department shall prescribe conditions under which a contract may be awarded without competition, and the methods and criteria which shall be used in determining the reasonableness of contract costs when a contract is awarded without competition.
(Added by Stats.1983, Ch. 1231, § 4.)

§10381. (a) The department shall ensure that all state agencies and departments are kept fully informed of the department's plans and procedures for implementing the provisions of this article. The department shall make information available on implementation procedures to all interested parties.

(b) The department shall ensure that every consultant services contract contains standard language that fully informs the contractor of his or her duties, obligations, and rights under this article, and any additional contractor rights and obligations which the department determines should be included.

(c) Each consulting services contract shall have a provision for settlement of contract disputes.
(Added by Stats.1983, Ch. 1231, § 4.)

§10382. The department shall report to the Legislature, in accordance with such procedures as the Legislature may require, those contracts entered into by state agencies which the Legislature specifies in the Budget Act.
(Added by Stats.1983, Ch. 1231, § 4.)

Article 5.5. Federal Surplus Personal Property

§10383. The Department of General Services is hereby designated as the agency for the State of California responsible for distribution of federal surplus personal property, excepting food commodities, in accordance with subdivision (j) of Section 203 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. Sec. 484), as amended, and succeeds to and is vested with the duties, purposes, responsibilities, and jurisdiction heretofore exercised by the State Department of Education with respect to the distribution of federal surplus personal property, excepting the duties, purposes, responsibilities, and jurisdiction exercised by the State Department of Education with respect to the distribution of federal surplus food commodities.
(Added by Stats.1984, Ch. 196, § 8.)

§10383.1. The department shall cooperate with the federal government and its agencies in securing the expeditious and equitable distribution of surplus personal property of the federal government, excepting food commodities, to eligible institutions in California, assist those institutions in securing that property, and do all things necessary to the execution of its powers and duties as the state agency for the distribution of federal personal surplus property, excepting food commodities, in accordance with subdivision (j) of Section 203 of the Federal Property and Administrative Services Act of 1949, as amended.
(Added by Stats.1984, Ch. 196, § 8.)

§10383.2. The department may enter into cooperative agreements with, and may provide for utilization by, federal agencies, with or without payment or reimbursement, of the property, facilities, personnel, and services of the department in carrying out the purposes of this article.
(Added by Stats.1984, Ch. 196, § 8.)

§10383.3. The Director of General Services may create a committee to serve as an advisory body to the department to ensure that distribution of federal surplus personal property to eligible recipients will be accomplished fairly and equitably. In the event that such a committee

is created, the membership shall be representative of a cross section of those institutions that are eligible recipients, and the members shall serve without compensation but shall be reimbursed for any actual and necessary expenses incurred in connection with the performance of their advisory function.

(Added by Stats.1984, Ch. 196, § 8.)

§10383.4. The department shall develop a detailed state plan of operation in accordance with subdivision (j) of Section 203 of the Federal Property and Administrative Services Act of 1949, as amended, and the Governor shall certify and submit the plan to the Administrator of the Federal General Services Administration.

(Added by Stats.1984, Ch. 196, § 8.)

§10383.5. The cash resources of the Surplus Property - Hardware Program from surplus-personal property transferred to this state in accordance with the Federal Property and Administrative Services Act of 1949 (40 U.S.C. Sec. 484(j)) shall be deposited in the Service Revolving Fund in the State Treasury, created pursuant to Section 16420 of the Government Code. All costs of the Department of General Services attributable to the distribution of surplus personal property pursuant to this article shall be paid from the Service Revolving Fund.

(Amended by Stats.1988, Ch. 207, § 2.)

§10383.6. The Department of General Services shall have the possession and control of all records, papers, offices, equipment, supplies, moneys, funds, appropriations, land, and other property real or personal held for the benefit or use of the State Department of Education in the performance of the duties, powers, purposes, responsibilities, and jurisdiction pertaining to surplus personal property, excepting food commodities, that on the operative date of this section are vested in the Department of General Services.

(Added by Stats.1984, Ch. 196, § 8.)

§10383.7. All officers and employees of the State Department of Education as mutually agreed by the Department of General Services to be on the operative date of this section serving in the state civil service, other than as temporary employees, and engaged in the performance of the function vested in the Department of General Services by this article shall be transferred to the Department of General Services. The status, position, and rights of such persons shall not be affected by the transfer and shall be retained by them as officers and employees of the Department of General Services pursuant to the State Civil Service Act, except as to positions exempt from civil service.

(Added by Stats.1984, Ch. 196, § 8.)

§10383.8. The department may make all rules and regulations consistent with the law for the purpose of carrying into effect the provisions of this article. Those rules and regulations shall be adopted, amended, or repealed in accordance with the provisions of Chapter 3.5

(commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(Added by Stats.1984, Ch. 196, § 8.)

Article 6.5. State Surplus Personal Property

§10389.1. The Department of General Services, if feasible and consistent with existing law, shall first offer appropriate state surplus personal property to school districts prior to offering that property to the public, except for property more appropriately suited for public safety uses. The department may offer school districts state surplus personal property at less than fair market value, if it is determined by the Director of General Services to be in the best interests of the state. The department shall develop policies and procedures for the implementation of this article.

(Added by Stats. 1998, Ch. 731, (SB 1645, Mountjoy.))

Article 7.6. Recycled Oil Markets

§10405. The following definitions govern the construction of this article:

(a) "Department" means the Department of Toxic Substances Control.

(b) "Industrial oil" means any compressor, turbine, or bearing oil, hydraulic oil, metal-working oil, or refrigeration oil.

(c) "Lubricating oil" means any oil intended for use in an internal combustion crankcase, transmission, gearbox, or differential or an automobile, bus, truck, vessel, plane, train, heavy equipment, or machinery powered by an internal combustion engine.

(d) "Procuring agency" means any state agency or any person contracting with that agency with respect to work performed under a contract for lubricating oil or industrial oil.

(e) "Recycled oil" means recycled oil, as defined in subdivision (c) of Section 25250.1 of the Health and Safety Code.

(f) "Used oil" means used oil, as defined in subdivision (a) of Section 25250.1 of the Health and Safety Code.

(g) "Virgin oil" means oil which has been refined from crude oil and which has not been used or contaminated with impurities.

(Added by Stats.1989, Ch. 12269, § 3. Amended by Gov.Reorg.Plan No. 1 of 1991, § 154, eff. July 17, 1991.)

§10406. Every procuring agency shall revise its procedures and specifications on or before July 1, 1992, for the purchase of lubricating oil and industrial oil to eliminate any exclusion of recycled oils and any requirement that oils be manufactured from virgin materials. This section shall not prohibit a local agency from purchasing virgin oil products for exclusive use in vehicles whose warranties expressly prohibit the use of products containing recycled oil.

(Added by Stats.1989, Ch. 1226, § 3. Amended by Stats.1991, Ch. 817 (A.B.2076), § 2; Stats.1992, Ch. 1101 (A.B.3073), § 1, eff. Sept. 29, 1992.)

§10407. Every procuring agency shall require that purchases of lubricating oil and industrial oil be made from the seller whose oil product contains the greater percentage of recycled oil, unless the procuring agency certifies that a specific oil product containing recycled oil is any of the following:

(1) Not reasonably available within a reasonable period of time.

(2) Unable to meet the reasonable performance standards of the procuring agency, including any warranty requirement.

(3) Available only at a cost greater than the cost of available virgin oil products.

(Added by Stats.1989, Ch. 1226, § 3.)

§10408. (a) Every procuring agency shall establish and maintain an affirmative program for procuring oils containing the maximum content of recycled oil.

(b) An affirmative program shall include, but not be limited to, all of the following:

(1) The placement of descriptions of the preference for recycled oil products in publications used to solicit bids from suppliers.

(2) Description of the recycled oil procurement program at bidders' conferences.

(3) Discussion of the preference program in lubricating oil and industrial oil procurement solicitations or invitations to bid.

(4) Efforts to inform industry trade associations about the preference program.

(Added by Stats.1989, Ch. 1226, § 3.)

§10409. Every local agency, as defined in Section 17518 of the Government Code, shall purchase lubricating oil and industrial oil from the seller whose oil product contains the greater percentage of recycled oil, if the availability, fitness, quality, and price of the recycled oil product is otherwise equal to, or better than, virgin oil products. This section shall not prohibit a local agency from purchasing virgin oil products for exclusive use in vehicles whose warranties expressly prohibit the use of products containing recycled oil.

(Added by Stats.1989, Ch. 1226, § 3. Amended by Stats.1991, Ch. 817 (A.B.2076), § 3; Stats.1992, Ch. 1101 (A.B.3073), § 2, eff. Sept. 29, 1992.)

Article 8. Conflict Of Interest

§10410. No officer or employee in the state civil service or other appointed state official shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or in which the officer or employee has a financial interest and which is sponsored or funded, or sponsored and funded, by any state agency or department through or by a state contract unless the employment, activity, or enterprise is required as a condition of the officer's or employee's regular state employment. No officer or employee in the state civil service shall contract on his or her own individual behalf as an independent contractor with any state agency to provide services or goods.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983. Amended by Stats.1984, Ch. 154, § 12.)

§10411. (a) No retired, dismissed, separated, or formerly employed person of any state agency or department employed under the state civil service or otherwise appointed to serve in state government may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency or department. The prohibition of this subdivision shall apply to a person only during the two-year period beginning on the date the person left state employment.

(b) For a period of 12 months following the date of his or her retirement, dismissal, or separation from state service, no person employed under state civil service or otherwise appointed to serve in state government may enter into a contract with any state agency, if he or she was employed by that state agency in a policymaking position in the same general subject area as the proposed contract within the 12-month period prior to his or her retirement, dismissal, or separation. The prohibition of this subdivision shall not apply to a contract requiring the person's services as an expert witness in a civil case or to a contract for the continuation of an attorney's services on a matter he or she was involved with prior to leaving state service.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10412. Each contractor who enters into a state contract with the state for ten thousand dollars (\$10,000) or more, shall be assigned an identification number by the department. Each contractor who has been assigned a number, shall list it on each contract he or she enters into with the state, regardless of the amount of the contract. In the case of a corporation or firm, the president's assigned number shall be used exclusively on each contract. The assigned number shall remain unchanged regardless of future name changes.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

Article 9. Remedies and Penalties

§10420. Every contract or other transaction entered in violation of any provision of this chapter is void, unless the violation is technical or nonsubstantive.

(Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10421. The state, or any person acting on behalf of the state, may bring a civil action seeking a determination by the Superior Court that a contract or other transaction has been entered in violation of any provision of this chapter. If the court finds substantial evidence of such a violation, it may issue a temporary injunction to prevent any further dealings upon the contract or other transaction, pending a final determination on the merits of the case. If the action results in a final determination that the contract or other transaction has been entered in violation of this chapter, it shall be void, and the state or person bringing the action shall be

awarded costs and attorney's fees. This section shall not be construed to permit an award of costs and attorney fees to the person or entity contracting or otherwise transacting with the state. (Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10422. Any officer or employee of the department who corruptly performs any official act under this chapter to the injury of the state is guilty of a felony. (Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10423. Any person contracting with the state by oral or written contract who corruptly permits the violation of any contract made under this chapter is guilty of a felony. (Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10424. Persons convicted under Section 10422 or 10423 are also liable to the state for double the amount the state may have lost, or be liable to lose by reason of the acts made crimes by this article. (Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

§10425. Willful violation of any other provision of this chapter shall constitute a misdemeanor. (Added by Stats.1983, Ch. 1231, § 4, eff. Sept. 30, 1983.)

Article 10. Exemptions

§10430. This chapter does not apply to any of the following:

(a) The Regents of the University of California.

(b) Transactions covered under Chapter 3 (commencing with Section 12100).

(c) Except as otherwise provided in this chapter, any entity exempted from the provisions of Section 10295 or 10295.1. However, the Trustees of the California State University and the Board of Governors of the California Community Colleges shall be governed by this chapter except with regard to transactions covered under the this chapter except with regard to transactions covered under the California State University and Colleges Contract Law, and except as provided in Sections 10295, 10335, 10356, and 10389.

(d) Transactions covered under Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code.

(e) Except as provided for in subdivision (c), members of boards or commissions who receive no payment other than payment for each meeting of the board or commission, payment for preparatory time, and payment for per diem.

(f) The emergency purchase of protective vests for correctional peace officers whose duties require routine contact with state prison inmates. This subdivision shall remain operative only until January 1, 1987.

(g) Spouses of state officers or employees (and individuals and entities that employ spouses of state officers and employees, that are vendored to provide services to regional center clients pursuant to Section 4648 of the Welfare and Institutions Code if the vendor of services, in that capacity, does not receive any material financial benefit, distinguishable from the benefit to the public generally, from any governmental decision made by the state officer or employee. (Amended by Stats.1985, Ch. 922, § 4; Stats.1986, Ch. 1189, § 2; Stats.1991, Ch. 382 (A.B.1402), § 2; Ch 1023, Stats. 1998 (AB 2329).)

Article 12. Minority Business Participation

§10470. As used in this article, the following definitions shall apply:

(a) "Awarding department" means any state agency, department, governmental entity, or other officer of an entity empowered by law to enter into contracts on behalf of the State of California.

(b) "Contract" includes any agreement or joint development agreement to provide labor, services, materials, supplies, or equipment in the performance of a contract, franchise, concession, or lease granted, let, or awarded for and on behalf of the State of California.

(c) "Contractor" means any person or persons, firm, partnership, corporation, or combination thereof which submits a bid and enters into a contract with a representative of a state agency, department, governmental entity, or other officer empowered by law to enter into contracts on behalf of the State of California.

(d) "Goal" means a numerically expressed objective which awarding departments and contractors are required to make efforts to achieve.

(e) "Minority business enterprise" means a business concern which is all of the following:

(1) At least 51 percent owned by one or more minorities, or in the case of a publicly owned business, at least 51 percent of the stock of which is owned by one or more minorities.

(2) Managed by, and the daily business operations are controlled by, one or more minorities.

(3) A domestic corporation with its home office located in the United States.

(f) "Women business enterprise" means a business concern which is all of the following:

(1) At least 51 percent owned by a woman or, in the case of a publicly owned business, at least 51 percent of the stock of which is owned by one or more women.

(2) Managed by, and the daily business operations are controlled by, one or more women.

(3) A domestic corporation with its home office located in the United States.

(Added by Stats.1987, Ch. 1450, § 8.5.)

§10471. Notwithstanding any other provision of law, all contracts awarded pursuant to Section 2910 of the Penal Code or Section 1753.3 of the Welfare and Institutions Code by any state agency, department, officer, or governmental entity for construction, professional services, materials, supplies, equipment, alteration, repair, or improvement shall have statewide participation goals of not less than 15 percent for minority business enterprises, and not less than 5 percent for women business enterprises. These goals are also applicable to the overall dollar amount expended each year by the awarding department designated for those purposes.

(Added by Stats.1987, Ch. 1450, § 8.5.)

§10472. In awarding contracts to the lowest responsible bidder, the awarding department shall consider the responsiveness of a bidder to minority business enterprise and women business enterprise goals set forth in Section 10471. If a bidder fails to demonstrate a good faith effort in attaining these goals, the awarding department shall award the contract to the next lowest responsive and responsible bidder.

(Added by Stats.1987, Ch. 1450, § 8.5.)

§10473. (a) Each awarding department shall establish a method for monitoring compliance with the minority business enterprise and women business enterprise goals required in this article.

(b) Each awarding department shall adopt rules and regulations for purposes of implementing this article. Emergency regulations consistent with the requirements of this article may be adopted without the review and approval of the Office of Administrative Law if they are adopted within 90 days of the effective date of this article.

(c) In implementing the requirements of this article, the awarding department shall utilize existing resources such as the Office of Small and Minority Business, the Minority Business Development Agency, and the federal Small Business Administration.

(Added by Stats.1987, Ch. 1450, § 8.5.)

§10474. Commencing on January 1, 1989, and on January 1st of each year thereafter, each awarding department shall submit a report to the Legislature and the Governor on the level of participation by minority or women business enterprises in contracts identified in this article. If the established goals are not being met, the awarding department shall report the reasons for its inability to achieve these goals and shall identify remedial steps to be undertaken.

(Added by Stats.1987, Ch. 1450, § 8.5.)

CHAPTER 3. ACQUISITION OF ELECTRONIC DATA-PROCESSING AND TELECOMMUNICATIONS GOODS AND SERVICES

§12100. The Legislature finds that the unique aspects of electronic data processing systems and telecommunications systems and the importance of those systems to state programs warrant a separate acquisition authority for electronic data processing and telecommunications goods and services. The Legislature further finds that this separate authority should enable the timely acquisition of goods and services in order to meet the state's needs in the most value- effective manner.

All contracts for the acquisition of electronic data processing or telecommunications services and all contracts for the acquisition of electronic data processing or telecommunications goods, whether by lease or purchase, shall be made by or under the supervision of the Department of General Services.

(Amended by Stats.1993, Ch. 1106 (A.B.1727), § 1.5.)

§12100.5. The Regents of the University of California, the Trustees of the California State University, and the Board of Governors of the California Community Colleges shall not be subject to this chapter except that the trustees shall develop policies and procedures maintained in its state university administrative manual and the board shall adopt policies and procedures maintained in its administrative manual that further the legislative policies for procurement expressed in this chapter but without the involvement of the Director of Finance and the Director of General Services or the Department of Finance and the Department of General Services.

(Amended by Stats.1998, Ch. 1023, (A.B.2329, Firestone))

§12100.6. The Trustees of the California State University are subject to Article 1.5 (commencing with Section 10115) of Chapter 1. The contents of any report that the trustees are required to submit to the Governor and the Legislature pursuant to that article shall be organized so that, whenever applicable, each campus is individually featured.

(Amended by Stats.1993, Ch. 1097 (A.B.1191), § 6.)

§12100.7. For purposes of this chapter, "value-effective acquisition" may be defined to include, but not be limited to, the following:

(a) The operational cost that the state would incur if the bid or proposal is accepted.

(b) Quality of the product or service, or its technical competency.

(c) Reliability of delivery and implementation schedules.

(d) The maximum facilitation of data exchange and systems integration.

(e) Warranties, guarantees, and return policy.

(f) Vendor financial stability.

(g) Consistency of the proposed solution with the state's planning documents and announced strategic program direction.

(h) Quality and effectiveness of business solution and approach.

(i) Industry and program experience.

(j) Prior record of vendor performance.

(k) Vendor expertise with engagements of similar scope and complexity.

(l) Extent and quality of the proposed participation and acceptance by all user groups.

(m) Proven development methodologies and tools.

(n) Innovative use of current technologies and quality results.

(Amended by Stats.1993, Ch. 1106 (A.B.1727), § 2.)

§12101. It is the intent of the Legislature that policies developed by the Department of Information Technology and procedures developed by the Department of General Services in accordance with Section 12102 provide for:

(a) The expeditious and value-effective acquisition of electronic data processing and telecommunications goods and services to satisfy state requirements.

(b) The acquisition of electronic data processing and telecommunications goods and services within a competitive framework.

(c) The delegation of authority by the Department of General Services to each state agency that has demonstrated to the department's satisfaction the ability to conduct value-effective electronic data processing and telecommunications goods and services acquisitions.

(d) The exclusion from state bid processes, at the state's option, of any vendor having failed to meet prior contractual requirements related to electronic data processing or telecommunications goods and services.

(e) The review and resolution of protests submitted by a vendor or vendors with respect to any electronic data processing or telecommunications goods and services acquisitions.
(Amended by Stats.1993, Ch. 1106 (A.B.1727), § 3; Stats.1995, Ch. 508 (S.B.1), § 3.)

§12101.2. Commencing on January 1, 1994, the department shall prenegotiate the repetitively used terms and conditions in the state's model contract with each interested vendor who bids or proposes on electronic data processing or telecommunications procurements. The contract language shall be kept on file, as a matter of public record, and shall remain operational until either the state or the vendor provides 30 days' notice to the other party that new negotiations are deemed appropriate. If, for a particular procurement, the state seeks to make any further changes to either the negotiated or the standard contract language, or both, it shall identify those changes to each bidder or proposer prior to the due date for the bid or proposal.

If, for a particular procurement, a bidder or proposer seeks to propose a negotiated change or standard contract language change, it shall make this identification within the timeframe identified in the solicitation document.

(Amended by Stats.1993, Ch. 1106 (A.B.1727), § 4.)

§12101.5. (a) It is the intent of the Legislature that agencies of the State of California utilize an acquisition method that is compatible with their short- and long-term fiscal needs in contracts relating to commodities and electronic data processing and telecommunications goods and services. State agencies should be able to specify their anticipated life cycle requirements that would become one of the criteria for procurement selection. These agencies should be given the choice of vendors to meet statewide standardization needs, unique service requirements, application requirements, and long-term satisfaction criteria. There is a need for the State of California to enter into long-term contracts with annual cancellation and fund out clauses, as required, to protect the state's interests as well as provide the option for multiyear renewals to encourage vendors to develop higher levels of service and support throughout the contracts.

(b) The state may utilize multiple awards including federal General Service Administration Multiple Awards Schedules in procurements for commodities and electronic data processing and telecommunications goods; master services agreements for electronic data processing personal services; master agreements for equipment; and master equipment services agreements. For purposes of this subdivision, a multiple award is an award of an indefinite quantity contract for one or more similar goods to more than one vendor. Except for possible multiple awards as permitted by this subdivision, all the requirements of this chapter pertaining to other types of electronic data processing and telecommunications procurements shall be followed. The Department of General Services shall ensure that multiple award schedules are in compliance with all other applicable statutes.

(c) Notwithstanding any other provision of law, state agencies, in exercising their delegation of procurement authority from the Department of General Services, may make awards to vendors who have multiple award schedules with the General Services administration of the United States on the same terms, conditions, and prices if the vendor is willing to do so. The department may also develop multiple award agreements for use by state agencies in the same manner. The Department of General Services shall determine the delegation procurement authority for agencies wishing to use multiple award schedules pursuant to the State Administrative Manual.

(Added by Stats.1993, Ch. 1106 (A.B.1727), § 5. Amended by Stats.1995, Ch. 932 (S.B.910), § 4.)

§12102. The Department of Information Technology and the Department of General Services shall maintain, in the State Administrative Manual, policies and procedures governing

the acquisition and disposal of electronic data processing and telecommunications goods and services.

(a) Acquisition of electronic data processing and telecommunications goods and services shall be conducted through competitive means, except when the Director of General Services determines that (1) the goods and services proposed for acquisition are the only goods and services which can meet the state's need, or (2) the goods and services are needed in cases of emergency where immediate acquisition is necessary for the protection of the public health, welfare, or safety. The acquisition mode to be used and the procedure to be followed shall be approved by the Director of General Services. The Department of General Services shall maintain, in the State Administrative Manual, appropriate criteria and procedures to ensure compliance with the intent of this chapter. These criteria and procedures shall include acquisition and contracting guidelines to be followed by state agencies with respect to the acquisition of electronic data processing and telecommunications goods and services. These guidelines may be in the form of standard formats or model formats.

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

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

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

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

~~(d) Whenever an acquisition is based upon cost alone, so that the award of a contract, purchase order, or delegated purchase order is made to the lowest responsible bidder meeting the specifications,~~

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

(e) For all transactions formally advertised, evaluation of bidders' proposals for the purpose of determining contract award for electronic data processing and telecommunications goods shall provide for consideration of a bidder's best financing alternatives, including lease or purchase alternatives, if any bidder so requests, not less than 30 days prior to the date of final bid submission, unless the acquiring agency can prove to the satisfaction of the Department of General Services that a particular financing alternative should not be so considered.

(f) Acquisition authority may be delegated by the Director of General Services to any state agency which has been determined by the Department of General Services to be capable of effective use of that authority. This authority may be limited by the Department of General

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

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

Further, it is the intent of the Legislature that, if a state electronic data processing advisory committee or a state telecommunications advisory committee is established by the Governor, the Director of Information Technology, or the Director of General Services, the policies and procedures developed by the Director of Information Technology and the Director of General Services in accordance with this chapter shall be submitted to that committee, including vendor representatives, for review and comment, and that the comment be considered by both departments prior to the adoption of any policy or procedure. It is also the intent of the Legislature that this section shall apply to the Department of General Services Information Technology Customer Council.

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

(i) Electronic data processing and telecommunications goods which have been determined to be surplus to state needs shall be disposed of in a manner which will best serve the interests of the state.

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

(j) A vendor may be excluded from bid processes if the vendor's performance with respect to a previously awarded contract has been unsatisfactory, as determined by the state in accordance with established procedures which shall be maintained in the State Administrative Manual. This exclusion may not exceed 360 calendar days for any one determination of unsatisfactory performance. Any vendor excluded in accordance with this section shall be reinstated as a qualified vendor at any time during this 360-day period, upon demonstrating to the department's satisfaction that the problems which resulted in the vendor's exclusion have been corrected. (Amended by Stats. 1998, Ch. 1030, (AB 835, Wright)).

§12103. In addition to the mandatory requirements enumerated in Section 12102 the acquisition policies developed and maintained by the Department of Information Technology and procedures developed and maintained by the Department of General Services in accordance with this chapter may provide for the following:

(a) Price negotiation with respect to contracts entered into in accordance with this chapter.

(b) System or equipment component performance, or availability standards, including an assessment of the added cost to the state to receive contractual guarantee of a level of performance.

(c) Requirement of a bond or assessment of a cost penalty with respect to a contract or consideration of a contract offered by a vendor whose performance has been determined unsatisfactory in accordance with established procedures maintained in the State Administrative Manual as required by Section 12102.

(Amended by Stats. 1995, Ch. 508 (S.B.1), § 5.)

§12104. Beginning on December 15, 1993, and annually thereafter, the Department of General Services shall provide a report listing all acquisitions from the previous fiscal year that were subject to this chapter and involved the replacement of a computer central processing unit when only one bid was received and the bid was from the vendor whose equipment was being replaced. The report shall be submitted to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee. (Amended by Stats.1992, Ch. 1269 (S.B.986), § 16.6, eff. Sept. 30, 1992.)

§12105. The Department of General Services and the Department of Information Technology shall coordinate in the development of policies and procedures which implement the intent of this chapter. The Department of Information Technology shall have the final authority in the determination of any general policy and the Department of General Services shall have the final authority in the determination of any procedures. (Amended by Stats.1995, Ch. 508 (S.B.1), § 6.)

§12106. The Department of General Services may, in addition to fulfilling the mandatory requirements enumerated in Section 12102, adopt such rules and regulations as are necessary for the purposes of this chapter. (Added by Stats.1982, Ch. 513, p. 2295, § 3.)

§12108. Until such time as the Department of General Services has published in the State Administrative Manual the procedures required in accordance with Section 12102, acquisitions of electronic data-processing and telecommunications goods and services shall be accomplished in accordance with either existing State Administrative Manual procedures for the acquisition of electronic data-processing goods and services, or Article 2 (commencing with Section 14790) of Chapter 6 of Part 5.5 of Division 3 of Title 2 of the Government Code, as determined by the Department of General Services. (Added by Stats.1982, Ch. 513, p. 2295, § 4. Amended by Stats.1984, Ch. 728, § 5, eff. Aug. 24, 1984.)

§12109. The Director of General Services may make the services of the department under this chapter available, upon such terms and conditions as may be deemed satisfactory, to any tax-supported public agency in the state, including a school district, for assisting the agency in the purchase or lease of electronic data-processing or telecommunications goods or services. (Added by Stats.1982, Ch. 513, p. 2295, § 4. Amended by Stats.1984, Ch. 728, § 5, eff. Aug. 24, 1984.)

§12110. (a) The Department of General Services is authorized to make purchases or leases of electronic data-processing or telecommunications goods and services, other than printed material, on behalf of any city, county, city and county, district, or other local governmental body or corporation empowered to expend public funds for the acquisition of goods or services, upon written request of such local agency; provided that such purchase or lease can be made by the Department of General Services upon the same terms, conditions and specifications at a price lower than the local agency can obtain through its normal acquisition procedures. The state shall incur no financial responsibility in connection with purchases for local agencies under this section. No purchase or lease shall be for less than five hundred dollars (\$500) and the local agency shall accept sole responsibility for payment to the vendor. All purchases and leases shall be subject to audit and inspection by the local agency for which made.

(b) Purchases and leases under this section shall be subject to the provisions of this chapter.

(c) A charge shall be made to each local agency availing itself of this service, the charge to be not less than the estimated cost to the department of rendering the service, including costs incurred by the department in preparation for a purchase or lease requested by a local agency in instances where the request is canceled or withdrawn by the local agency prior to award of the contract or purchase order by the department.

(Added by Stats.1982, Ch. 513, p. 2295, § 4. Amended by Stats.1984, Ch. 728, § 5, eff. Aug. 24, 1984.)

§12111. The definitions pertaining to electronic data-processing as contained in Section 11700 of the Government Code and the State Administrative Manual shall apply to this chapter. (Added by Stats.1982, Ch. 513, p. 2296, § 4.)

§12112. Any contract for electronic data-processing or telecommunications goods or services, to be manufactured or performed by the contractor especially for the state and not suitable for sale to others in the ordinary course of the contractor's business may provide, on such terms and conditions as the department deems necessary to protect the state's interests, for progress payments for work performed and costs incurred at the contractor's shop or plant, provided that not less than 10 percent of the contract price is required to be withheld until final delivery and acceptance of the goods or services, and provided further, that the contractor is required to submit a faithful performance bond, acceptable to the department, in a sum not less than one-half of the total amount payable under the contract securing the faithful performance of the contract by the contractor.

(Added by Stats.1982, Ch. 513, p. 2296, § 4. Amended by Stats.1984, Ch. 728, § 8, eff. Aug. 24, 1984.)

§12113. (a) Notwithstanding any other provision of law, state and local agencies may enter into agreements to pay for telecommunications services to be utilized beyond the current fiscal year. "Telecommunications services" for purposes of this section shall include, but not be limited to, central office-based leased communications systems equipped with primary station lines, capable of receiving in-dialed voice and data communications and capable of out-dialing voice and data communications and any customer premised equipment, software and installation costs necessary for utilization by the state or local agency.

(b) State and local agencies may enter into financing agreements for the procurement of telecommunications services whenever the state or local agency may derive monetary benefit and greater services as a result of its ability to acquire capital at lower interest cost than the supplier of those services can provide directly to the agency or whenever the state or local agency may obtain a reduced cost of service based on length of agreement if offered by the supplier of telecommunications service.

(c) Procurement requirements for financing of telecommunications equipment and services shall be considered to have been met whenever the financing is within the scope of public sector requests for proposals or whenever the financing is offered by a sole source provider or that provider's assignee.

(d) The provisions of this section shall not be construed to alter or circumvent any existing procurement procedure or requirement, nor to alter or circumvent the procurement authority of any state or local agency.

(Added by Stats.1993, Ch. 1204 (S.B.851), § 1.)

CHAPTER 3.5. ACQUISITION OF TELECOMMUNICATIONS GOODS AND SERVICES

§12120. The Legislature finds and declares that, with the advent of deregulation in the telecommunications industry, substantial cost savings can be realized by the state through the specialized evaluation and procurement of alternative telecommunications systems. All contracts for the acquisition of telecommunications services and all contracts for the acquisition of telecommunications goods, whether by lease or purchase, shall be made by, or under the supervision of, the Department of General Services. All procurements shall be accomplished in accordance with Chapter 3 (commencing with Section 12100), relating to the acquisition of electronic data-processing goods and services, except to the extent any directive or provision is uniquely applicable to electronic data-processing acquisitions. The Department of General Services shall have responsibility for the establishment of policy and procedures for telecommunications. The Department of General Services shall have responsibility for the establishment of tactical policy and procedures for data-processing acquisitions consistent with statewide strategic policy as established by the Department of Finance. The Department of Finance shall have review and approval responsibility of data-processing information and

telecommunication acquisitions to assure consistency with budgetary objectives. The Trustees of the California State University and the Board of Governors of the California Community Colleges shall assume the functions of the Department of Finance and the Department of General Services with regard to procurement of telecommunication goods and services by the California State University and the California Community Colleges, respectively. The trustees and the board shall each grant to the Department of General Services, Division of Telecommunications, an opportunity to bid whenever the university or the college system solicits bids for telecommunications goods and services.
(Amended by Stats. 1998, Ch. 1023, (A.B. 2329, Firestone))

§12121. As used in this chapter:

(a) "Tactical policy" means the policies of an organization necessary to direct operational staff in carrying out their day-to-day activities.

(b) "Strategic policy" means policy which defines the goals and objectives for an organization.

(Added by Stats.1983, Ch. 791, § 2.)

CHAPTER 3.6. THE ALTERNATIVE PROTEST PILOT PROJECT

§12125. There is hereby established the Alternative Protest Pilot Project to be administered by the Department of General Services.

(Added by Stats.1997, Ch. 762 (A.B.1159), § 1.)

§12126. (a) Notwithstanding any other provision of law, any department or agency may use the solicitation and alternative protest procedures outlined in this chapter for solicitations authorized under Chapter 2 (commencing with Section 10290) or Chapter 3 (commencing with Section 12100). The Department of General Services shall develop procedures and guidelines for the implementation of this pilot project. Establishment of procedures for major information technology acquisitions pursuant to this chapter shall be coordinated with the Department of Information Technology.

(b) To be eligible for this pilot project, the contracting department shall agree to participate in the pilot project and the Department of General Services shall indicate that the proposed solicitation shall be conducted as part of the pilot project prior to release of the solicitation. Submission of a bid constitutes consent for participation in the alternative protest pilot project. Any protests filed in relation to the proposed contract award shall be conducted under the procedures set forth by the Department of General Services for the alternative protest pilot project.

(c) Notwithstanding any other provision of law to the contrary, any bid protest conducted under this chapter shall include one or more of the following alternative procedures:

(1) The protest process shall not prevent the commencement of work in accordance with the terms of any other contract awarded pursuant to this chapter. A contract may be entered into pending a final decision on the protest.

(2) The Department of General Services shall review the protest within seven days of the filing date to determine if the protest is frivolous. If determined to be frivolous, the protest shall not proceed under this chapter until the bidder posts a protest bond in an amount not less than 10 percent of the estimated contract value, as determined by the Department of General Services in the solicitation.

(3) The Director of General Services shall issue a ruling within a period not to exceed 45 days from the date the protest is filed.

(4) Arbitration, as defined and established by the Department of General Services, shall be the resolution tool.

(d) Authority to protest under this chapter shall be limited to participating bidders.

(1) Grounds for major information technology acquisition protests shall be limited to violations of the solicitation procedures and that the protestant should have been selected.

(2) Any other acquisition protest filed pursuant to this chapter shall be based on the ground that the bid or proposal should have been selected in accordance with selection criteria in the solicitation document.

(e) Any bidder that has filed a protest after January 1, 1998, on any state government contract that is determined by the Department of General Services to be frivolous shall not be eligible to participate in solicitations conducted under the alternative protest pilot project. After July 1, 1999, any bidder that filed a protest during the previous fiscal year on a procurement exceeding one million dollars (\$1,000,000), which was not upheld by the Department of General Services, shall be ineligible to participate in this pilot project.
(Added by Stats.1997, Ch. 762 (A.B.1159), § 1.)

§12127. Major information technology acquisitions subject to this chapter shall meet the following criteria:

(a) The agency or department has stated its business needs and not detailed specification in the solicitation.

(b) The agency or department has stated the criteria and the weight to be given to each criterion by which it will evaluate all proposals.

(c) The contract shall be awarded based on "value effective acquisition," as that term is defined in Section 12100.7, competitive negotiation, an alternative procurement, or performance-based solicitations.

(Added by Stats.1997, Ch. 762 (A.B.1159), § 1.)

§12127.5 All other procurements subject to this chapter shall meet one or more of the following criteria:

(a) The agency or department has stated its business needs and not detailed specification in the solicitation.

(b) The agency or department has stated the criteria and the weight to be given to each criterion by which it will evaluate all proposals.

(c) The contract shall be awarded based on "value effective acquisition," as that term is defined in Section 12100.7, competitive negotiation, an alternative procurement, performance-based solicitations, or other methodologies as established by the Department of General Services.

(Added by Stats.1997, Ch. 762 (A.B.1159), § 1.)

§12128. (a) The pilot project shall continue until it has been applied to at least 25 contracts, with varying dollar amounts, or until December 31, 1999, whichever occurs later. The Department of General Services shall apply this chapter to the following categories:

(1) Information technology and ancillary services.

(2) Material, supplies, equipment, and ancillary services.

(b) The Department of General Services shall apply this protest pilot project to at least 10 contracts pertaining to information technology.

(Added by Stats.1997, Ch. 762 (A.B.1159), § 1.)

§12129. Notwithstanding Section 7550.5, the Department of General Services shall electronically submit a report to the Legislature regarding the pilot project by July 31, 2000. The report shall include the following:

(a) The percentage of bids with values under five hundred thousand dollars (\$500,000), under one million dollars (\$1,000,000), and over one million dollars (\$1,000,000) or more not in the pilot project that were protested with corresponding data for solicitations issued pursuant to the pilot project.

(b) The number of protests determined to be frivolous by the Department of General Services, subject to this chapter, with corresponding data for solicitations issued pursuant to existing procedures.

(c) The percentage of contracts awarded under the pilot project that were subsequently challenged in a court of law with corresponding data for solicitations issued pursuant to existing procedures.

(d) All costs of a protest incurred by state agencies subject to subdivision (b) of Section 12126 from the original date filed, until final resolution. This shall include all costs associated with a successful protest and commencement of work under subdivision (b) of Section 12126 from the original date filed, until final resolution, with corresponding data for solicitations issued pursuant to existing procedures.

(e) The length of time to resolve protests pursuant to this chapter and the corresponding data for solicitations issued pursuant to existing procedures.
(Amended by Stats.1997, Ch. 762 (A.B.1159), § 1.)

§12130. The pilot project shall be considered a success if there is at least a 10-percent reduction in the number of frivolous protests filed with the Department of General Services and if the length of time for the state to resolve protests is reduced by at least 20 percent, or if there is a substantial reduction in the number of protests filed under the pilot project than under the existing protest procedures.

(Added by Stats.1997, Ch. 762 (A.B.1159), § 1.)

CHAPTER 4. STATE ASSISTANCE FOR RECYCLING MARKETS

Article 1. General Provisions

§12150. This chapter shall be known and may be cited as the State Assistance for Recycling (STAR) Markets Act of 1989.

(Added by Stats.1989, Ch. 1094, § 10.)

§12153. The Legislature finds and declares all of the following:

(a) It is the policy of the state to conserve and protect resources for future citizens as well as the current population of the state.

(b) It is in the best interest of the people of the state that the state alter its perception of solid waste to instead look upon this waste as resources that can be recovered and reused.

(c) It is in the best interest of reducing the increasing burden on communities disposing of the state's solid waste for the state to take a role in developing an integrated state solid waste management policy, which includes source reduction, recycling, composting, market development, incineration, and landfills. Since recycling is a necessary component of this policy, the state shall encourage the use of recycled products to ensure that the state's industries have sufficient and adequate markets for products regeneratively utilizing the state's solid waste as recycled resources.

(d) It is the policy of the state to encourage the expansion of businesses located in California and, to whatever extent possible, to look favorably on California businesses in the recycling industry, which include, but not limited to, those California businesses that manufacture, distribute, or act as brokers for, recycled products.

(e) Market development is the key to moving beyond the uneven collection of recyclable materials to stable resource recovery and reuse. Because of existing local collection programs, significant quantities of recycled resources such as the following are today available for purchase: fine grades of paper, high-quality paper products, plastics, retreaded automobile tires, rerefined lubricating oil, reused automotive parts, reclaimed solvents, recycled asphalt, recycled concrete, carpet or geotextiles composed of recycled plastics, compost and co-compost products, and steel products .

(f) In making these findings, the Legislature declares that the policy and intent of this chapter is to set an example for the state and nation to encourage the purchase of products utilizing recycled resources.

(g) It is the intent of the Legislature, whenever economically feasible and as markets allow, to continually expand the policies of the state to utilize recycled resources in the daily operations of the state. This includes, but is not limited to, the procurement and purchase of recycled materials, the use of recycled resources in the performance of a service or project for the state,

and the purchase of equipment used for the collection and sale of waste materials generated by the state.

(h) It is the intent of the Legislature that the Department of General Services work with all state departments, agencies, the Legislature, the California Integrated Waste Management Board, and the Department of Conservation to draft, establish, and implement policies that ensure the procurement and use of recycled resources.

(i) It is also the intent of the Legislature to encourage local public agencies and private companies to adopt policies to maximize the use of recycled resources.

(Added by Stats.1995, Ch. 427 (S.B.1174), § 1.)

§12155. As used in this chapter, the following definitions shall apply:

(a) "Department" means the Department of General Services.

(b) "Director" means the Director of General Services.

(c) "Procuring agency" means the Department of General Services and any other state department or agency having delegated procurement authority granted pursuant to Section 10333 with an annual total dollar limit above one million dollars (\$1,000,000) as prescribed by the Office of Procurement within the Department of General Services.

(d) "Board" means the California Integrated Waste Management Board, as defined pursuant to Section 40110 of the Public Resources Code.

(Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1990, Ch. 586 (S.B.1761), § 6, eff. Sept. 5, 1990.)

§12157. This chapter applies to the procurement and purchase of the following materials, goods, and supplies, or products containing the following recycled resources and meeting the specified recycled content requirements pursuant to Section 12161, 12181, 12182, or 12200, whichever is applicable:

(a) Recycled paper products, which include, but are not limited to, fine grades of paper, corrugated boxes, newsprint, tissue, and toweling.

(b) Compost and co-compost products.

(c) Glass.

(d) Oil.

(e) Plastic.

(f) Solvents and paint, including water-based paint.

(g) Tires.

(h) Steel.

(Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1995, Ch. 427 (S.B.1174), § 2.)

§12158. This chapter does not apply to the procurement and purchase of asphalt concrete and portland cement concrete pavement.

(Added by Stats.1989, Ch. 1094, § 10.)

§12159. (a) If a recycled product, as defined in subdivision (a) of Section 12200, costs more than the same product made with virgin material, the state agency shall, if feasible, purchase fewer of those more costly products or apply the cost savings, if any, gained from buying other recycled products towards the purchase of those more costly products to meet the solid waste diversion goals of Section 41780.

(b) All state agencies shall, if feasible, establish purchasing practices which ensure the purchase of materials, goods, and supplies that may be recycled or reused. Each state agency shall initiate activities for the collection, separation, and recycling of recyclable materials and may appoint a recycling coordinator to assist in implementing this section.

(Added by Stats.1993, Ch. 960 (A.B.11), § 2. Amended by Stats.1996, Ch. 1038 (A.B.626), § 1.)

Article 2. Recycled Paper Products

§12160. The Legislature finds and declares that it is the policy of the state to conserve and protect its resources. The maintenance of a quality environment for the people of this state now and in the future is a matter of statewide concern. The Legislature further finds and declares that the volume of solid waste generated within the state coupled with an increased rate in the consumption of paper products and the absence of adequate programs and procedures for the reuse of these materials threaten the quality of the environment and well-being of the people of California. In making these findings, the Legislature declares that the policy and intent of this article is to improve environmental quality by the recycling of paper products.
(Added by Stats.1989, Ch. 1094, § 10.)

§12161. For the purpose of this article, "recycled paper product" means all paper and woodpulp products containing postconsumer and secondary materials, as defined in this section. "Postconsumer material" means a finished material which would normally be disposed of as a solid waste, having completed its life cycle as a consumer item. "Secondary material" means fragments of finished products or finished products of a manufacturing process, which has converted a virgin resource into a commodity of real economic value, and includes postconsumer material, but does not include fibrous waste generated during the manufacturing process such as fibers recovered from wastewater or trimmings of paper machine rolls (mill broke), wood slabs, chips, sawdust, or other wood residue from a manufacturing process.

"Recycled paper product" means a paper product with not less than 50 percent, by fiber weight, consisting of secondary and postconsumer material with not less than 10 percent of fiber weight consisting of postconsumer material.

For high speed copier paper, offset paper, forms bond, computer printout paper, carbonless paper, file folders, white wove envelopes, and for other uncoated printing and writing papers, such as writing and office paper, book paper, cotton fiber paper containing 25 to 75 percent cotton fiber, and cover stock, the minimum content standard shall be no less than 20 percent of fiber weight of postconsumer materials beginning December 31, 1994. The minimum content standard shall be increased to 30 percent of fiber weight of postconsumer materials beginning on December 31, 1998.

(Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1994, Ch. 942 (S.B.1915), § 8. eff. Sept. 28, 1994; Stats.1996, Ch. 319 (A.B.571), § 3.)

§12162. (a) The department shall set as a goal for the purchase of recycled paper products that, by January 1, 1996, at least 50 percent of the total dollar amount of paper products purchased or procured is to be a recycled paper product, as defined in Section 12161. In addition, at least 25 percent of the total fine writing and printing paper purchased or procured is to be a recycled paper product, as defined in Section 12161.

(b) All state agencies shall report to the department and to the board on their progress in meeting the goals specified in subdivision (a) and Section 12205 and shall submit to the department and to the board a detailed plan to meet those goals. The department shall develop a uniform reporting procedure which state agencies shall follow. If at any time a goal has not been met, the department, in consultation with the board, shall review procurement policies and shall make recommendations for immediate revisions to ensure that the goal is met. The department, in consultation with the board, shall present its conclusions and recommendations on these revisions of procurement policies to the Legislature in the department's annual report pursuant to Section 12225.

(c) (1) All state agencies shall give a price preference, not to exceed 10 percent, to recycled paper products, if the product's fitness, quality, and availability are comparable to nonrecycled products. The board, in consultation with the department, shall establish, on or before May 1, 1994, and every two years thereafter, price preferences for the purposes of meeting the goals set forth in this section and Section 12205 for recycled products. For those priority commodities, as defined by the board, the price preference established by the board shall not be less than 5 percent. The board shall publish the established price preferences annually in the board's report to the Legislature pursuant to Section 40507 of the Public Resources Code.

(2) In establishing the price preferences, the board shall take into consideration all of the following factors:

(A) Materials that comprise the largest percentage of the state's solid waste stream.

(B) Materials that have the highest percentage of postconsumer material.

(C) Materials that require expanded markets.

(D) Any other market factors as determined by the board.

(3) The combined dollar amount of preference granted pursuant to this section and any other provision of law shall not exceed one hundred thousand dollars (\$100,000).

(d) Notwithstanding paragraph (1) of subdivision (c), the recycled paper bidder preference shall not exceed fifty thousand dollars (\$50,000) if a preference exceeding that amount would preclude an award to a small business that offers nonrecycled paper products and is qualified in accordance with Section 14838 of the Government Code.

(e) The board shall implement a pilot program, from January 1, 1994, to January 1, 1997, for funding claims submitted by state agencies for providing the price preferences required by this section and Section 12205. A state agency's purchase of recycled paper products pursuant to subdivision (a) shall be ineligible for claims under the pilot program. On or before March 31, 1996, in conjunction with the annual report required by Section 40507 of the Public Resources Code, the board shall report to the Legislature and Governor on the pilot program and make recommendations concerning the continuation or modification of the program. A sum of not more than three hundred thousand dollars (\$300,000) total, or one hundred thousand dollars (\$100,000) annually, shall be expended for the purposes of implementing the pilot program. This subdivision shall be operative only if adequate funds for the pilot program are made available.

(f) This section shall remain in effect only until January 1, 2001, and as of that date is repealed, unless a later enacted statute which is chaptered prior to that date extends or deletes that date.

(Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1993, Ch. 960 (A.B.11), § 3; Stats.1994, Ch. 942 (S.B.1915), § 9, eff. Sept. 28, 1994; Stats.1996, Ch. 1041 (A.B.3358), § 3.)

§12162.5. All state agencies may, at the discretion of the individual agency director, print a symbol on paper products selected by the agency director. This symbol shall be determined by the department, in consultation with the board, and shall be similar to the following: "Printed on Recycled Paper." This symbol shall be printed only on paper products meeting the definition of recycled paper products in Section 12161.

(Added by Stats.1989, Ch. 1094, § 10.)

§12163. (a) The director, in consultation with the board, shall review the procurement specifications currently used by the department in order to eliminate, wherever economically feasible, discrimination against the procurement of recycled paper products.

(b) The director, in consultation with the board, shall review the recycled paper product specifications at least annually to consider increasing the percentage of recycled paper product in paper and woodpulp product purchases. The director shall include his or her conclusions and recommendations in the department's annual report pursuant to Section 12225.

(c) When contracting with the department for the sale of material subject to this article, the contractor shall certify in writing to the contracting officer or his or her representative that the material offered contains the minimum percentage of recycled paper required by Section 12161 and shall specify the minimum, if not exact, percentage of secondary and postconsumer material in the paper products. The certification shall be furnished under penalty of perjury.

(d) The department, in consultation with the board, shall establish purchasing practices which, to the maximum extent economically feasible, assure purchase of materials which may be recycled or reused when discarded.

(e) The department shall make every effort to eliminate purchases of paper products deemed potential contaminants to the state's recycling program pursuant to Section 12165.

(Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1994, Ch. 942 (S.B.1915), § 10, eff. Sept. 28, 1994.)

§12164. The department shall require the persons with whom it contracts to use, to the maximum extent economically feasible in the performance of the contract work, recycled paper products.

(Added by Stats.1989, Ch. 1094, § 10.)

§12164.5. (a) It is the intent of the Legislature that for the current state waste paper collection program, the California Integrated Waste Management Board shall provide participating locations with public information awareness and training to state and legislative employees. Additionally, the California Integrated Waste Management Board shall provide training for personnel, including but not limited to, state and buildings and grounds personnel, responsible for the collection of waste materials. This training shall include, but is not limited to, educating and training the personnel concerning the separation and collection of recyclable materials.

(b) It is also the intent of the Legislature that the California Integrated Waste Management Board continue the current state waste paper collection program and use this program as a model to develop a plan for other waste materials generated by state and legislative employees.

(c) It is also the intent of the Legislature that the department, in consultation with the California Integrated Waste Management Board, shall submit a new recycling plan, which includes but is not limited to, the collection and sale of waste materials generated by state and legislative employees. This plan shall be submitted to the appropriate legislative policy committees on or before August 31, 1990. The plan may be phased in utilizing those office facilities and collecting those waste materials most conducive to operation of a source separation program, but shall be fully implemented by June 1, 1991.

(Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1990, Ch. 586 (S.B.1761), § 7, eff. Sept. 5, 1990; Stats.1991, Ch. 1012 (S.B.960), § 1.)

§12165. (a) After implementing a recycling plan pursuant to subdivision (c) of Section 12164.5, the California Integrated Waste Management Board shall establish, implement, and maintain a recycling plan for the Legislature, which may include all legislative offices and individual members' district offices; all state offices whether in state-owned buildings or leased facilities in Sacramento, Los Angeles, and San Francisco Counties; and in any other areas that the board determines to be feasible. The plan shall include the provisions for the recycling of office paper, corrugated cardboard, newsprint, beverage containers (as defined in Section 14503 of the Public Resources Code), waste oil, and any other material at the discretion of the board.

(b) The collection program for each product and each location shall be reevaluated by the board on or before January 1, 1994. Subsequently, the board, upon the determination that inclusion of any particular material type would result in a net revenue loss to the state, shall have the discretion to exclude that material from the program, and shall report its conclusions and recommendations to the Legislature. In determining the net revenue loss for the collection of a specified waste material, the board shall include the avoided cost to dispose of the waste material. The plan shall provide either for the collection and sale of materials to private brokers, recycling plants, or nonprofit organizations, or the operation of these entities by the state, or a combination thereof. The plan shall be implemented at the earliest possible date.

(c) The board shall provide participating locations with public awareness information and training to state and legislative employees, including, but not limited to, the proper separation and disposal of recyclable resources. Additionally, the board shall provide training for personnel, including, but not limited to, state buildings and grounds personnel, responsible for the collection of waste materials. This training shall include, but is not limited to, educating and training the personnel concerning the separation and collection of recyclable materials.

(d) No individual, group of individuals, state office, agency, or its employees shall establish a similar collection program or enter into agreement for a similar program unless approved by the board.

(Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1991, Ch. 1012 (S.B.960), § 2.)

§12166. The California Integrated Waste Management Board may contract as necessary for the recycling of products which have been returned pursuant to Section 12165.

(Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1991, Ch. 1012 (S.B.960), § 3.)

§12167. Revenues received from this plan or any other activity involving the collection and sale of recyclable materials in state and legislative offices located in state-owned and state-leased buildings, such as the sale of waste materials through recycling programs operated by the California Integrated Waste Management Board or in agreement with the board, shall be deposited in the Integrated Waste Management Account in the Integrated Waste Management Fund and are hereby continuously appropriated to the board, without regard to fiscal years, until June 30, 1994, for the purposes of offsetting recycling program costs. On and after July 1, 1994, the funds in the Integrated Waste Management Account may be expended by the board, only upon appropriation by the Legislature, for the purpose of offsetting recycling program costs. (Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1991, Ch. 1012 (S.B.960), § 4; Stats.1992, Ch. 1116 (A.B.3521), § 1.)

§12167.1. Notwithstanding Section 12167, upon approval by the California Integrated Waste Management Board, revenues derived from the sale of recyclable materials by state agencies and institutions that do not exceed two thousand dollars (\$2,000) annually are hereby continuously appropriated, without regard to fiscal years, for expenditure by those state agencies and institutions for the purposes of offsetting recycling program costs. Revenues that exceed two thousand dollars (\$2,000) annually shall be available for expenditure by those state agencies and institutions when appropriated by the Legislature. Information on the quantities of recyclable materials collected for recycling shall be provided to the board on an annual basis according to a schedule determined by the board and participating agencies. (Added by Stats.1991, Ch. 1012 (S.B.960), § 5. Amended by Stats.1992, Ch. 1116 (A.B.3521), §2.)

§12168. (a) Fitness and quality being equal, all local and state public agencies shall purchase recycled paper products instead of nonrecycled paper products whenever available at no more than the total cost of nonrecycled paper products. All local public agencies may give preference to the suppliers of recycled paper products. All local public agencies may define the amount of this preference. In bids in which the state has reserved the right to make multiple awards, the recycled paper preference cost shall be applied, to the extent possible, so as to maximize the dollar participation of firms offering recycled paper in the contract award.

(b) The combined dollar amount of preferences granted pursuant to this section and any other provisions of law shall not exceed one hundred thousand dollars (\$100,000).

(c) Notwithstanding subdivision (a), and subdivision (b) of Section 12162, the recycled paper bidder preference shall not exceed fifty thousand dollars (\$50,000) if a preference exceeding that amount would preclude an award to a small business that offers nonrecycled paper products and is qualified in accordance with Section 14838 of the Government Code. This provision shall apply only when the small business is the lowest responsible bidder or is eligible for contract award on the basis of application of the 5-percent business preference.

(Added by Stats.1989, Ch. 1094, § 10.)

§12169. All local public agencies shall require the bidder to specify the minimum, if not exact, percentage of recycled paper product in the paper products, and both the postconsumer and secondary waste content regardless of whether the paper product meets the percentage of recycled paper product required pursuant to Section 12161. The contractor may certify zero recycled product. All contract provisions impeding the consideration of products with reclaimed paper content shall be deleted in favor of performance standards.

All printing contracts made by any local agency shall provide that the paper used shall meet the requirements of these provisions.

Except as otherwise provided in this article, state agencies shall also be subject to this section.

(Added by Stats.1989, Ch. 1094, § 10.)

Article 2.1. Recycled Fluids, Paints, and Solvents

§12170. (a) Fitness and quality being equal, all state agencies shall purchase the following recycled products, instead of nonrecycled products, whenever the recycled products are available at the same cost, or at a lower cost, than the total costs of the nonrecycled products:

(1) Rerefined automotive lubricants, including, but not limited to, rerefined motor oil, crankcase oil, engine oil, transmission fluid, and power steering fluid, for all state vehicles, including, but not limited to, all fleet cars, trucks, and buses.

(2) Recycled antifreeze fluid.

(3) Recycled solvent.

(4) Recycled paint.

(b) For the purposes of this section, the following definitions shall apply:

(1) "Available" means providing comparable delivery services and packaging specifications as the agency requires from all suppliers of that product. The agency shall not establish specifications that unnecessarily prevent the use of recycled products.

(2) "Fitness and quality" means all specifications required of the product for its specific use, including those required of a manufacturer's warranty, are met. Procuring agencies may set special standards for motor oil used in engines that operate under extreme conditions, including law enforcement vehicles that run at excessive speeds or for long periods of operation.

(3) "Recycled antifreeze fluid" and "recycled solvents" means having a recycled content of at least 70 percent recycled materials.

(4) (A) "Recycled paint" means having a recycled content consisting of at least 50 percent postconsumer paint. Preconsumer or secondary paint does not qualify as "recycled paint" pursuant to this subparagraph.

(B) If paint containing 50 percent postconsumer content is unavailable, a state agency may substitute paint with the maximum amount of postconsumer content, but not less than 10 percent postconsumer content.

(5) "Rerefined motor oil" means having a base oil content consisting of at least 70 percent rerefined oil.

(Added by Stats. 1998, Ch. 880 (AB 2067))

§12171. This article shall remain in effect only until January 1, 2001, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2001, deletes or extends that date.

(Added by Stats. 1998, Ch. 880 (AB 2067))

Article 3. Compost and Co-Compost Products

§12180. The Legislature hereby finds and declares that it is the policy of the state to encourage the use of marketable end products which are produced as a result of superior waste management by counties, cities, and local agencies. The Legislature further finds and declares that it is in the public interest to provide special consideration for the state purchase of co-compost and compost products because these products substantially reduce the need for solid waste disposal facilities, such as landfills, and will assist the state in providing new alternatives for the alarming decrease in available solid waste disposal facilities, such as landfills.

(Added by Stats. 1989, Ch. 1094, § 10.)

§12181. For purposes of this article, "co-compost product" means an end product which meets all of the following requirements:

(a) It is derived from a blending of materials, of which at least 80 percent, whenever possible, is household refuse and the remainder is sewage sludge or other comparable substitutes, including, but not limited to, nontoxic dairy wastes, livestock and horse manure, or fish wastes.

(b) It is usable.

(c) It is produced by the waste management facilities of counties, cities, or local agencies, or of private entities.

(Added by Stats.1989, Ch. 1094, § 10.)

§12182. For purposes of this article, "compost product" means an end product which meets all of the following requirements:

(a) It is derived from the controlled biological decomposition of a blend of organic wastes, including, but not limited to, wood byproducts, plant waste, including, but not limited to, rice straw, yard refuse, and sewage sludge.

(b) It is usable.

(c) It is produced by the waste management facilities of counties, cities, or local agencies, or of private entities.

(Added by Stats.1989, Ch. 1094, § 10.)

§12183. (a) All state departments and agencies, including, but not limited to, the Department of Transportation, the Department of Water Resources, the Department of Forestry, and the Department of Parks and Recreation, shall give purchase preference to compost and co-compost products when they can be substituted for, and cost no more than, the cost of regular fertilizer or soil amendment products, or both, if the co-compost products meet all applicable state standards and regulations, as determined by appropriate testing. The product preference shall include, but not be limited to, the construction of noise attenuation barriers and safety walls, highway planting projects, and recultivation and erosion control programs.

(Added by Stats.1989, Ch. 1094, § 10.)

§12184. It is the intent of the Legislature, in enacting this article, that the revenues derived from the state purchase of co-compost products will be used by counties, cities, and local agencies to offset the costs of construction, operation, and maintenance of co-compost waste disposal facilities.

(Added by Stats.1989, Ch. 1094, § 10.)

§12185. All state departments and agencies procuring compost and co-compost products in procurement, service, or construction contracts shall report to the department their purchasing activities, including, but not limited to, total contracting dollars, volume, and number of contracts. The department shall design an appropriate and uniform reporting mechanism which shall be made available to all state agencies.

(Added by Stats.1989, Ch. 1094, § 10.)

Article 4. Recycled Materials, Goods, and Supplies

§12200. For the purpose of this article:

(a) (1) Except as provided in paragraph (2), "recycled product" means all materials, goods, and supplies, no less than 50 percent of the total weight of which consists of secondary and postconsumer material with not less than 10 percent of its total weight consisting of postconsumer material. A recycled product shall include any product that could have been disposed of as solid waste having completed its life cycle as a consumer item, but otherwise is refurbished for reuse without substantial alteration of its form.

(2) "Recycled product" also means other flat rolled steel products no less than 25 percent of the total weight of which consists of secondary and postconsumer material, with not less than 10 percent of total weight consisting of postconsumer material. Products made with flat rolled steel meeting these content percentages include, but are not limited to, automobiles, cans, appliances, and office furniture and supplies.

(b) "Postconsumer material" means a finished material that would have been disposed of as a solid waste, having completed its life cycle as a consumer item, and does not include manufacturing wastes.

(c) "Secondary material" means fragments of finished products or finished products of a manufacturing that has converted a resource into a commodity of real economic value, and

includes postconsumer material, but does not include excess virgin resources of the manufacturing process.

(Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1994, Ch. 942 (S.B.1915), § 11, eff. Sept. 28, 1994; Stats.1995, Ch. 427 (S.B.1174), § 3.)

§12205. (a) All state agencies shall require all contractors to certify in writing the minimum percentage, if not the exact percentage, of postconsumer and secondary material in the materials, goods, or services provided or used. This certification shall be furnished under penalty of perjury.

(b) The department, in consultation with the board, shall review and revise the procurement specifications used by state agencies in order to eliminate restrictive specifications and discrimination against the procurement or purchase of recycled products. Fitness and quality being equal, all state agencies shall purchase recycled products instead of nonrecycled products whenever recycled products are available at the same total cost as nonrecycled products. All state agencies shall allow a price preference as determined by the board pursuant to Section 12162. In determining procurement specifications, with the exception of any specifications that have been established to preserve the public health and safety, all state procurement and purchasing specifications shall be established in a manner that results in the maximum state procurement and purchase of recycled products.

(c) (1) To assist the state in meeting the goals of subdivision (a) of Section 12162 and subdivision (e) of this section, the department, in consultation with the board, may also establish recycled-content disclosure, recycled product- only bids, cooperative purchasing arrangements, or conduct an analysis of solid waste diversion from disposal facilities, to meet the goals for recycled products and to encourage the maximum state procurement and purchase of recycled products. All state agencies shall, if feasible, implement recycled product-only bids for recycled products as defined in subdivision (a) of Section 12200, in order to meet the goals for recycled products set forth in this section and Section 12162.

(2) This subdivision applies to the procurement or purchase of the following materials, goods, and supplies, or products containing the following recycled resources:

(A) Paper products, which include, but are not limited to, fine papers, such as xerographic and envelope papers and form bond, corrugated boxes, newsprint, tissue, and toweling.

(B) Compost and co-compost products.

(C) Glass.

(D) Oil.

(E) Plastic.

(F) Solvents and paint, including water-based paint.

(G) Tires.

(H) Steel.

(d) All state agencies shall, if feasible, establish purchasing practices that ensure the purchase of materials, goods, and supplies that may be recycled or reused when discarded.

(e) The department shall set the following goals for purchases made by state agencies:

(1) By January 1, 1996, at least 20 percent of state purchases are of recycled products.

(2) By January 1, 1998, at least 30 percent of state purchases are of recycled products.

(3) By January 1, 2000, at least 50 percent of state purchases are of recycled products.

(4) The goals specified in this subdivision shall be applied to the purchases of state agencies for products listed in this section, except in subparagraph (A) of paragraph (2) of subdivision (c) for which goals are specified in Section 12162.

(f) The purchases of the state agencies shall meet each goal for, and be applied to the total dollar amount of, each specified product category as defined in this section. The purchase of a recycled-content product from one category may not be applied toward the goals for, or the total dollar amount of, any other category listed in this section or Section 12157, 12162, 12301, or 12305.

(g) This section shall remain in effect only until January 1, 2001, and as of that date is repealed, unless a later enacted statute which is chaptered prior to that date extends or deletes that date.

(Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1993, Ch. 960 (A.B.11), § 4; Stats.1995, Ch. 427 (S.B.1174), § 4.)

§12210. (a) Fitness and quality being equal, all local and state public agencies shall purchase recycled products instead of nonrecycled products whenever available at no more than the total cost of nonrecycled products. All local public agencies may give preference to the suppliers of recycled products. All local public agencies may determine the amount of this preference.

(Added by Stats.1989, Ch. 1094, § 10.)

§12213. All local public agencies shall require the bidder to specify the minimum, if not exact, percentage of recycled product in the products offered, both the postconsumer and secondary waste content regardless of whether the product meets the percentage of recycled product required pursuant to subdivision (a) of Section 12200. All contract provisions impeding the consideration of products with recycled product shall be deleted in favor of performance standards.

Except as otherwise provided in this article, state agencies are also subject to this section. (Added by Stats.1989, Ch. 1094, § 10.)

§12225. On or before August 31, 1991, and every year thereafter, the department, in consultation with the board, shall prepare a report to the Legislature describing the purchase and procurement of products purchased by the state before and after January 1, 1990. The report shall detail as much as possible, the amount of recycled products utilized by state contractors before and after the enactment of this chapter. The report shall include, but not be limited to, the following:

(a) Listed by department, the total dollar amounts, volume, and number of contracts of individual products purchased by the department and any other agency having delegated procurement authority pursuant to Section 10333.

(b) Total dollar amounts, volume, and number of contracts of each product purchased by the state, which includes the Legislature, the California State University, and the University of California systems.

(c) A list of individual recycled products purchased pursuant to Sections 10507.5 and 10860, inclusive, this chapter and Chapter 5 (commencing with Section 12300).

(d) The total dollar amounts, volume, and number of contracts of individual products, whether recycled or nonrecycled, purchased by the state.

(e) The total dollar amounts, volume, and number of contracts of recycled products including recycled paper and compost products purchased pursuant to Sections 10507.5 and 10860, inclusive, this chapter, and Chapter 5 (commencing with Section 12300).

(f) The total dollar amount and volume of compost and co-compost products utilized by the state pursuant to Section 12183 or any other state or local program.

(g) For recycled paper products purchased by procuring agencies, the total number of contracts, dollar amounts, and volume of those contracts that were eligible for the preference pursuant to Section 12162.

(h) For each recycled product, including recycled paper and compost products, the total dollar amounts, volume, and number of contracts that were eligible for a preference or a combination thereof pursuant to Sections 4533, 7095, and 14838 of the Government Code.

(i) Total number of bids for each product listed in Section 12157, whether or not a contract was awarded the bid.

(j) The range of dollar amounts for bids on procurement contracts which include, but is not limited to, contracts for the procurement of individual recycled products listed in Section 12157.

(k) For each waste material, total revenue dollars and volume generated from the state waste materials collection program pursuant to Section 12165.

(l) Recommendations to the Legislature as to revisions of the percentage amounts contained in the secondary material and postconsumer material definitions for individual products which will result in greater procurement of recycled products composed of recycled resources that would otherwise be disposed of as solid waste in the state's disposal facilities.

(m) Recommendations on specific products available containing secondary and postconsumer material which are procured by the state, used in the performance of a service or project for the state, and used in state construction contracts. These products shall be recommended as candidates for the application of the recycled paper product preference described in Section 12162.

(n) The California Integrated Waste Management Board, in consultation with the department, shall identify those products purchased in either large volumes or high dollar amounts by the state which are available as a recycled product. The board shall include this list in the department's annual report and shall revise this list as products purchased by the state become feasibly available in recycled form.

(Added by Stats.1989, Ch. 1094, § 10. Amended by Stats.1990, Ch. 586 (S.B.1761), § 9, eff. Sept. 5, 1990; Stats.1994, Ch. 942 (S.B.1915), § 12, eff. Sept. 28, 1994; Stats.1995, Ch. 91 (S.B.975), § 138.)

§12226. (a) It is the intent of the Legislature that the state pursue all feasible measures to improve markets for recycled products including, but not limited to, procurement preferences for purchases made by the state.

(b) Not later than March 1, 1990, the board shall submit to the Legislature a report concerning the state's role in market development for recycling. The report shall address the need for and effectiveness of procurement preferences for the state purchase of recycled goods and materials. The report shall include, but not be limited to, an analysis of the role procurement preferences can play in encouraging recycling and expanding the markets for recycled goods and materials.

(Added by Stats.1989, Ch. 1094, § 10.)

CHAPTER 5. RECYCLED PRODUCT PROCUREMENT BY THE LEGISLATURE

Article 1. General Provisions

§12300. Unless otherwise provided, this chapter shall apply to all purchases made on behalf of the Legislature, whether made by the Senate Committee on Rules, the Assembly Committee on Rules, the Joint Rules Committee, or any other agency of the Legislature.

(Added by Stats.1989, Ch. 1094, § 11.)

§12301. The following definitions govern the interpretation of this chapter:

(a) "Department" means the Department of General Services.

(b) "Board" means the California Integrated Waste Management Board, as defined pursuant to Section 40110 of the Public Resources Code.

(c) "Recycled paper product" means all paper and woodpulp products containing postconsumer and secondary materials. "Postconsumer material" means a finished material that would normally be disposed of as a solid waste, having completed its life cycle as a consumer item. "Secondary material" means fragments of finished products or finished products of a manufacturing process, which has converted a virgin resource into a commodity of real economic value, and includes postconsumer material, but does not include fibrous waste generated during the manufacturing process such as fibers recovered from wastewater or trimmings of paper machine rolls (mill broke), wood slabs, chips, sawdust, or other wood residue from a manufacturing process. "Recycled paper product" means a paper product with not less than 50 percent, by fiber weight, consisting of secondary and postconsumer material with not less than 10 percent of fiber weight consisting of postconsumer material.

For high speed copier paper, offset paper, forms bond, computer printout paper, carbonless paper, file folders, white wove envelopes, and for other uncoated printing and writing papers, such as writing and office paper, book paper, cotton fiber paper containing 25 to 75 percent cotton fiber, and cover stock, the minimum content standard shall be no less than 20 percent of fiber weight of postconsumer materials beginning December 31, 1994. The minimum content

standard shall be increased to 30 percent of fiber weight of postconsumer materials beginning on December 31, 1998.

(d) (1) Except as provided in paragraph (2), "recycled product" means all materials, goods, and supplies, excluding paper products, no less than 50 percent of the total weight of which consists of secondary and postconsumer material with not less than 10 percent of its total weight consisting of postconsumer material. A recycled product shall include any product that could have been disposed of as solid waste having completed its life cycle as a consumer item, but otherwise is refurbished for reuse without substantial alteration of its form. "Postconsumer material" means a finished material that would have been disposed of as a solid waste, having completed its life cycle as a consumer item, and does not include manufacturing wastes. "Secondary material" means fragments of finished products or finished products of a manufacturing process, which has converted a resource into a commodity of real economic value, and includes postconsumer material, but does not include excess virgin resources of the manufacturing process.

(2) "Recycled product" also means other flat rolled steel products no less than 25 percent of the total weight of which consists of secondary and postconsumer material, with not less than 10 percent of total weight consisting of postconsumer material. Products made with flat rolled steel meeting these content percentages include, but are not limited to, automobiles, cans, appliances, and office furniture and supplies.

(Added by Stats.1989, Ch. 1094, § 11. Amended by Stats.1990, Ch. 586 (S.B.1761), § 10, eff. Sept. 5, 1990; Stats.1994, Ch. 942 (S.B.1915), S 13, eff. Sept. 28, 1994; Stats.1995, Ch. 427 (S.B.1174), § 5; Stats.1996, Ch.319 (A.B.571), § 4.)

§12305. This chapter applies to the procurement and purchase of the following materials, goods, and supplies, or products containing the following recycled resources, and meeting the specified content requirements pursuant to either subdivision (c) or (d) of Section 12301, whichever is applicable:

(a) Paper products, which include, but are not limited to, fine grades of paper, corrugated boxes, newsprint, tissue, and toweling.

(b) Glass.

(c) Oil.

(d) Plastic.

(e) Solvents and paint, including water-based paint.

(f) Tires.

(g) Steel.

(Added by Stats.1989, Ch. 1094, § 11. Amended by Stats.1995, Ch. 427 (S.B.1174), § 6.)

§12305.5. (a) If a recycled product costs more than the same product made with virgin material, the Legislature shall purchase fewer of those more costly products or apply cost savings, if any, gained from buying other recycled products towards the purchase of those more costly products.

(b) This section shall remain in effect only until January 1, 2001, and as of that date is repealed, unless a later enacted statute which is chaptered prior to that date extends or deletes that date.

(Added by Stats.1993, Ch. 960 (A.B.11), § 5.)

§12306. This chapter does not apply to the procurement and purchase of asphalt concrete and portland cement concrete pavement.

(Added by Stats.1989, Ch. 1094, § 11.)

Article 2. Recycled Paper Products

§12310. (a) The Legislature shall set the following goals in the purchase of recycled paper products:

(1) By January 1, 1995, at least 40 percent of the total dollar amount of paper products purchased or procured by the Legislature shall be purchased as a recycled paper product, as defined in Section 12301. In addition, at least 15 percent of the total fine writing and printing paper purchased by the Legislature shall be recycled paper products, as defined in Section 12301.

(2) By January 1, 1997, at least 50 percent of the total dollar amount of paper products purchased or procured by the Legislature shall be purchased as a recycled paper product, as defined in Section 12301. In addition, at least 25 percent of the total fine writing and printing paper purchased by the Legislature shall be recycled paper products, as defined in Section 12301.

(3) If at any time the goal for recycled products has not been met, the Legislature and the department, in consultation with the board, shall review the procurement policies of the Legislature and shall make recommendations for immediate revisions to ensure that each goal is met. Revisions include, but are not limited to, raising the purchasing preference and altering the goals for each or all recycled products. The department, in consultation with the board, shall present its conclusions and recommendations on these revisions of procurement policies to the Legislature in the department's biennial report pursuant to Section 12225.

(b) When contracting with the Legislature for the sale of recycled paper products, the contractor shall certify in writing to the contracting officer or his or her representative, that the recycled paper products offered contain the minimum percentage of waste materials required by subdivision (c) of Section 12301. The contractor shall specify the minimum, if not the exact, percentage of recycled product in the paper product, including both the secondary and postconsumer material content. This certification shall be furnished under penalty of perjury.

(c) The Legislature may, in consultation with the board, print a symbol on paper products selected by the Legislature. The symbol shall be similar to the following:

Printed on recycled paper. This symbol shall be printed only on paper products meeting the definition of recycled paper products in Section 12301.

(d) This section shall not prevent the Legislature from using existing stocks of paper products.

(e) This section shall remain in effect only until January 1, 2001, and as of that date is repealed, unless a later enacted statute which is chaptered prior to that date extends or deletes that date.

(Added by Stats.1989, Ch. 1094, § 11. Amended by Stats.1993, Ch. 960 (A.B.11), § 6; Stats.1994, Ch. 942 (S.B.1915), § 14, effective September 28, 1994.)

Article 3. Recycled Materials, Goods, and Supplies

§12320. (a) The Legislature shall require contractors to certify in writing to the contracting officer, or his or her representative, whether the materials, goods, or supplies offered contain the minimum percentage of recycled product required by subdivision (d) of Section 12301. The contractor shall specify the minimum, if not exact, percentage of recycled product in the product, both the secondary and postconsumer material content. This certification shall be furnished under penalty of perjury.

(b) The Legislature, in consultation with the department and the board, shall review and revise the procurement specifications used by the Legislature in order to eliminate discrimination against the procurement or purchase of recycled products whenever quality of a recycled product is reasonably equal to the same product manufactured with virgin resources. In determining procurement specifications, with the exception of any specifications that have been established to preserve the public health and safety, all legislative procurement and purchasing specifications shall be established in a manner that results in the maximum legislative procurement and purchase of recycled products.

(c) The Legislature, in consultation with the board, shall establish purchasing practices that ensure, to the maximum extent feasible, the purchase of materials, goods, and supplies that may be recycled or reused when discarded.

(d) The Legislature shall give purchase preference to recycled products when all of the following apply:

- (1) The product meets applicable standards.
- (2) The product can be substituted for a comparable nonrecycled product.
- (3) The product costs no more than a comparable nonrecycled product.

(e) To encourage the use of postconsumer waste, the Legislature's specifications shall require recycled product contracts to be awarded to the bidder whose product contains the greater percentage of postconsumer material if the fitness and quality and price meet the requirements in subdivision (d) of Section 12301 and Section 12310.

(f) The Legislature shall set the following goals for purchases made by the Legislature or any individual or group of individuals purchasing on behalf of the Legislature:

- (1) By January 1, 1991, at least 10 percent of legislative purchases are of recycled products.
- (2) By January 1, 1993, at least 20 percent of legislative purchases are of recycled products.
- (3) By January 1, 1995, at least 40 percent of legislative purchases are of recycled products.

(4) The goals specified in this subdivision shall be applied to the purchase by the Legislature of products described in subdivisions (b), (c), (d), (e),(f), and (g) of Section 12305 and shall be applied to the total dollar amount of the combined purchases of those products.

Each specified goal shall be met for each product listed pursuant to Section 12305. If at any time a goal has not been met, the Legislature and the department, in consultation with the board, shall review procurement policies of the Legislature and shall make recommendations for immediate revisions to ensure that each goal is met. Revisions include, but are not limited to, raising the purchasing preference and altering the goals for all or each recycled product. The department, in consultation with the board, shall present its conclusions and recommendations on these revisions of procurement policies to the Legislature in the department's annual report pursuant to Section 12225.

(Added by Stats.1989, Ch. 1094, § 11. Amended by Stats.1994, Ch. 942 (S.B.1915), § 15, eff. Sept. 28, 1994; Stats.1995, Ch. 427 (S.B.1174), § 7.)

Article 41 - Community Colleges

§20661. (a) The Chancellor of the California Community Colleges is authorized to enter into a contract on behalf of one or more community college districts, subject to the following restrictions:

(1) No district may be required to participate in any contract entered into pursuant to this section.

(2) The cost to each district that is a party to or a beneficiary of a contract entered into pursuant to this section must be lower than the cost the district could obtain through its standard contracting procedures. No contract for the procurement of goods or services may be made when a bid has been received by a participating district for the procurement of the same goods or services unless the contract would result in a lower price for the goods or services upon the same terms, conditions, and specifications.

(3) The state shall not incur any financial responsibility in connection with a contract entered into pursuant to this section.

(b) The Chancellor of the California Community Colleges is authorized to charge a fee, commission, or other charge to either or both of the following:

(1) Each provider of goods or services under a contract entered into pursuant to this section.

(2) Each community college district that the chancellor enters into a contract on behalf of pursuant to this section.

(c) On or before January 1, 2001, the Chancellor of the California Community Colleges shall report to the Legislature and the Governor on contracts entered into pursuant to this section and any resultant cost savings.

(d) The Board of Governors of the California Community Colleges shall adopt regulations to implement this section.

(Added by Stats. 1998, Ch. 1023, (AB 2329, Firestone))

§20662. The Chancellor of the California Community Colleges is authorized to enter into a contract or other agreement with the governing board of any community college district whereby the district performs services or acts as a fiscal agent on behalf of the California Community colleges. This section shall apply only when the funds for the contract or agreement are in satisfaction of the state obligation to provide funding pursuant to Section 8 of Article XVI of the California Constitution.

(Added by Stats. 1998, Ch. 1023, (AB 2329, Firestone))

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GOVERNMENT CODE

TITLE 1. GENERAL

DIVISION 3.6. CLAIMS AND ACTIONS AGAINST PUBLIC ENTITIES AND PUBLIC EMPLOYEES

PART 3. CLAIMS AGAINST PUBLIC ENTITIES

CHAPTER 4. PRESENTATION OF CLAIMS TO STATE CONTROLLER

§926.15. (Repealed by Stats.1998, Ch. 916, (AB 2275, Kuykendall)).

§926.17 (Repealed by Stats.1998, Ch. 916, (AB 2275, Kuykendall)).

§926.18 (Repealed by Stats.1998, Ch. 916, (AB 2275, Kuykendall)).

§926.19. (a) Unless otherwise provided for by statute, any state agency that fails to pay a person any undisputed payment or refund due to that person shall be liable for interest on the undisputed amount pursuant to this section. The interest shall be paid out of the agency's funds and shall accrue at a rate equal to the interest accrued in the Pooled Money Investment Account minus 1 percent over the term that the payment or refund was held by the agency, beginning on the 31st day after the agency provides notice to the person that a payment or refund is owed to that person or after the agency receives notice from the person that an undisputed payment or refund is due. The interest shall cease to accrue on the date full payment or refund is made.

(b) If the state agency's failure to make payment as required by this section is the result of a dispute between the state agency and the person to whom money is owed, interest shall begin to accrue on the 31st day after the dispute has been settled by mutual agreement, arbitration, or court decision. A state agency may dispute a payment or refund if the state agency so notifies the person within 15 days after the state agency receives notice from the person that the payment or refund is due.

(c) If the state agency is not authorized to make a payment or refund to a person pursuant to this section, that state agency shall submit the claim to the Controller's office within 15 days of receiving a claim, or shall be liable for an interest penalty beginning on the 16th day, which shall be paid out of the state agency's funds and shall continue to accrue until the claim is received by the Controller's office. After the claim is forwarded to the Controller's office, an interest penalty fee shall begin to accrue on the 16th day after receipt by the Controller's office, and shall be paid out of the Controller's funds. In any event, the interest penalty shall cease to accrue on the date full payment is made to the person.

(d) (1) In the event that a payment or refund is the joint responsibility of more than one state agency, not including the Controller's office, and neither agency is authorized to make a payment or refund, each agency shall forward the claim to the Controller's office within 15 days of receipt. Interest shall begin to accrue on the 16th day, pursuant to subdivision (c). Any accrued interest shall be the responsibility of the state agency that delays the transmittal of the claim to the Controller.

(2) If either of the responsible agencies is authorized to make a payment or refund directly to the person, each agency shall have 15 days to transmit the claim to the other agency or pay the person. Interest shall begin to accrue on the 16th day, and shall be the responsibility of the agency delaying the payment process.

(e) When a state agency is required by this section to pay penalties that accumulate in excess of one thousand dollars (\$1,000) in one fiscal year, the head of the state agency shall submit to the Legislature, within 60 days following the end of the fiscal year, a written report on the actions taken to correct the problem, including recommendations on actions to avoid a recurrence of the problem and recommendations as to statutory changes, if needed.

(f) A court shall award court costs and reasonable attorney fees to the plaintiff in an action brought pursuant to this section where it is found that the state agency has violated this section. The costs and fees shall be paid by the state agency at fault and shall not become a personal

economic liability of any public officer or employee thereof. In the case of disputed payments or refunds, nothing in this section shall be construed as precluding a court from awarding a prevailing party the interest accrued while the dispute was pending.

(g) No state agency shall seek additional appropriations to pay interest that accrues as a result of this section.

(h) No person shall receive an interest payment pursuant to this section if it is determined that the person has intentionally overpaid on a liability solely for the purpose of receiving interest.

(i) No interest shall accrue during any time period for which there is no Budget Act in effect, nor on any payment or refund that is the result of a federally mandated program or that is directly dependent upon the receipt of federal funds by a state agency.

(j) This section shall not apply to any of the following:

(1) Payments, refunds, or credits for income tax purposes.

(2) Payment of claims for reimbursement for health care services or mental health services provided under the Medi-Cal program, pursuant to Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code.

(3) Any payment made pursuant to a public social service or public health program to a recipient of benefits under that program.

(4) Payments made on claims by the State Board of Control.

(5) Payments made by the Commission on State Mandates.

(6) Payments made by the Department of Personnel Administration pursuant to Section 19823.

(Added by Stats.1998, Ch. 916, (AB 2275, Kuykendall)).

CHAPTER 4.5. PROMPT PAYMENT OF CLAIMS

§927. (a) This chapter shall be known and may be cited as the *California Prompt Payment Act*.

(b) It is the intent of the Legislature that state agencies pay properly submitted, undisputed invoices within 45 days of receipt, or automatically calculate and pay the appropriate late payment penalties as specified in this chapter.

(c) Notwithstanding any other provision of law, this chapter shall apply to all state agencies, including, but not limited to, the Public Employees' Retirement System, the State Teachers' Retirement System, the Treasurer, and the Department of General Services.

§927.1. (a) A state agency that acquires property or services pursuant to a contract with a business, including any approved change order or contract amendment, shall make payment to the person or business on the date required by the contract or be subject to a late payment penalty.

(b) Except in the event of an emergency as provided in Section 927.11, effective January 1, 1999, the late payment penalties specified in this chapter may not be waived, altered, or limited by a state agency acquiring property or services pursuant to a contract or by any person or business contracting with a state agency to provide property or services.

§927.2. The following definitions apply to this chapter: (a) "Claim schedule" means a schedule of invoices prepared and submitted by a state agency to the Controller for payment to the named claimant.

(b) "Invoice" means a bill or claim that requests payment on a contract under which a state agency acquires property or services.

(c) "Medi-Cal program" means the program established pursuant to Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code.

(d) "Nonprofit public benefit corporation" means a corporation, as defined by subdivision (b) of Section 5046 of the Corporations Code, that has registered with the Department of General Services as a small business.

(e) "Reasonable cause" means a determination by a state agency that any of the following conditions are present:

(1) There is a discrepancy between the invoice or claimed amount and the provisions of the contract.

(2) There is a discrepancy between the invoice or claimed amount and either the contractor's actual delivery of property or services to the state or the state's acceptance of those deliveries.

(3) Additional evidence supporting the validity of the invoice or claimed amount is required to be provided to the state agency by the contractor.

(4) The invoice has been improperly executed or needs to be corrected by the contractor.

(f) "Required payment approval date" means the date on which payment is due as specified in a contract or, if a specific date is not established by the contract, 30 calendar days following the date upon which an undisputed invoice is received by a state agency.

(g) "Received by a state agency" means the date an invoice is delivered to the state location or party specified in the contract or, if a state location or party is not specified in the contract, wherever otherwise specified by the state agency.

(h) "Revolving fund" means a fund established pursuant to Article 5 (commencing with Section 16400) of Division 4 of Title 2.

(i) "Small business" means a business certified as a "small business" in accordance with subdivision (c) of Section 14837.

(j) "Small business" and "nonprofit organization" mean, in reference to providers under the Medi-Cal program, a business or organization that meets all of the following criteria:

(1) The principal office is located in California.

(2) The officers, if any, are domiciled in California.

(3) If a small business, it is independently owned and operated.

(4) The business or organization is not dominant in its field of operation.

(5) Together with any affiliates, the business or organization has gross receipts from business operations that do not exceed three million dollars (\$3,000,000) per year, except that the Director of Health Services may increase this amount if the director deems that this action would be in furtherance of the intent of this chapter.

§927.3. Except where payment is made directly by a state agency pursuant to Section 927.6, any undisputed invoice received by a state agency shall be submitted to the Controller for payment by the required payment approval date. A state agency may dispute an invoice submitted by a contractor for reasonable cause if the state agency notifies the contractor within 15 working days from receipt of the invoice, or delivery of the property or services, whichever is later. No state employee shall dispute an invoice, on the basis of minor or technical defects, in order to circumvent or avoid the general intent or any of the specific provisions of this chapter.

§927.4. Except as otherwise provided in this chapter, to avoid late payment penalties, the maximum time from state agency receipt of an undisputed invoice to issuance of a warrant for payment is 45 calendar days, including not more than 30 calendar days from the state agency to submit a correct claim schedule to the Controller, and not more than 15 calendar days for the Controller to issue the warrant.

§927.5. This chapter shall not apply to claims for reimbursement for health care services provided under the Medi-Cal program, unless the Medi-Cal health care services provider is a small business or nonprofit organization. In applying this section to claims submitted to the state, or its fiscal intermediary, by providers of services or equipment under the Medi-Cal program, payment for claims shall be due 30 days after a claim is received by the state or its fiscal intermediary, unless reasonable cause for nonpayment exists. With regard to Medi-Cal claims, reasonable cause shall include review of claims to determine medical necessity, review of claims for providers subject to special prepayment fraud and abuse controls, and claims that require review by the fiscal intermediary or State Department of Health Services due to special circumstances. Claims requiring special review as specified above shall not be eligible for a late payment penalty.

§927.6. (a) State agencies shall pay applicable penalties, without requiring that the contractor submit an additional invoice for these amounts, whenever the state agency fails to submit a correct claim schedule to the Controller by the required payment approval date. The penalty shall cease to accrue on the date the state agency submits the claim schedule to the Controller for payment, and shall be paid for out of the state agency's funds. If the contractor is a certified small business, a nonprofit organization, a nonprofit public benefit corporation, or a small business or nonprofit organization that provides services or equipment under the Medi-Cal program, the state agency shall pay to the contractor a penalty of 0.25 percent of the amount due, per calendar day, from the required payment date. However, a nonprofit organization shall only be eligible to receive a penalty payment if it has been awarded a contract in an amount less than five hundred thousand dollars (\$500,000).

(b) For all other businesses, the state agency shall pay a penalty at a rate of 1 percent above the rate accrued on June 30 of the prior year by the Pooled Money Investment Account, not to exceed a rate of 15 percent, except that, if the amount of the penalty is seventy-five dollars (\$75) or less, the penalty shall be waived and not paid by the state agency. On an exception basis, state agencies may avoid payment of penalties, for failure to submit a correct claim schedule to the Controller by the required payment approval date, by paying the contractor directly, from the state agency's revolving fund within 45 calendar days following the date upon which an undisputed invoice is received by the state agency.

§927.7. The Controller shall pay contractors within 15 calendar days of receipt of a correct claim schedule from the state agency. If the Controller fails to make payment within 15 calendar days of receipt of the claim schedule from a state agency, the Controller shall pay applicable penalties to the contractor without requiring that the contractor submit an invoice for these amounts. Penalties shall cease to accrue on the date full payment is made, and shall be paid for out of the Controller's funds. If the contractor is a certified small business, a nonprofit organization, a nonprofit public benefit corporation, or a small business or nonprofit organization that provides services or equipment under the Medi-Cal program, the Controller shall pay to the contractor a penalty of 0.25 percent of the amount due, per calendar day, from the 16th calendar day following receipt of the claim schedule from the state agency. However, a nonprofit organization shall only be eligible to receive a penalty payment if it has been awarded a contract in an amount less than five hundred thousand dollars (\$500,000). For all other businesses, the Controller shall pay penalties at a rate of 1 percent above the rate accrued on June 30 of the prior year by the Pooled Money Investment Account, not to exceed a rate of 15 percent, except that, if the amount of the penalty is seventy-five dollars (\$75) or less, the penalty shall be waived and not paid by the Controller.

§927.8. State agencies shall avoid seeking any additional appropriation to pay penalties that accrue as a result of the agency's failure to make timely payments as required by this chapter. Any state agency that requests that the Legislature make a deficiency appropriation for the agency shall identify what portion, if any, of the requested amount is required because of any penalties imposed by this chapter.

§927.9. (a) On an annual basis, within 90 calendar days following the end of each fiscal year, state agencies shall provide the Director of General Services with a report on late payment penalties that were paid by the state agency in accordance with this chapter during the preceding fiscal year.

(b) At a minimum, the report shall identify the total number and dollar amount of late payment penalties paid. State agencies may, at their own initiative, provide the director with other relevant performance measures. The director shall prepare a report listing the number and total dollar amount of all late payment penalties paid by each state agency during the preceding fiscal year, together with other relevant performance measures, and shall make the information available to the public.

§927.10. State agencies shall encourage contractors to promptly pay their subcontractors and suppliers, especially those that are small businesses. In furtherance of this policy, state agencies shall utilize expedited payment processes to enable faster payment by prime contractors to their subcontractors and suppliers, and shall promptly respond to any subcontractor or supplier inquiries regarding the status of payments made to prime contractors.

§927.11. (a) Except in the case of a contract with a certified small business, a nonprofit organization or a nonprofit public benefit corporation, if an invoice from a business under a contract with the Department of Forestry and Fire Protection would become subject to late payment penalties during the annually declared fire season, as declared by the Director of Forestry and Fire Protection, then the required payment approval date shall be extended by 30 calendar days.

(b) No nonprofit public benefit corporation shall be eligible for a late payment penalty if a state agency fails to make timely payment because no Budget Act has been enacted.

(c) If the Director of Finance determines that a state agency or the Controller is unable to promptly pay an invoice as provided for by this chapter due to a major calamity, disaster, or criminal act, then otherwise applicable late payment penalty provisions contained in Section 927.7 shall be suspended except as they apply to a contractor which is either a certified small business, a nonprofit organization, a nonprofit public benefit corporation, or a small business or nonprofit organization that provides services or equipment under the Medi-Cal program. The suspension shall remain in effect until the Director of Finance determines that the suspended late payment penalty provisions of this section should be reinstated.

(d) Except as provided in subdivision (b), in the event a state agency fails to make timely payment because no Budget Act has been enacted, penalties shall continue to accrue until the time that the invoice is paid.

§927.12. Section 926.10 shall not apply to any contract covered by this chapter.
(Added by Stats.1998, Ch. 916, (AB 2275, Kuykendall)).

DIVISION 5. PUBLIC WORK AND PUBLIC PURCHASES

CHAPTER 8. PURCHASES

§4475. "State agency," as used in this chapter, means any state agency defined in Section 11000, which is authorized to enter into contracts and shall include, but not be limited to, the Department of Public Works, the Department of Water Resources, the Department of General Services, the Trustees of the California State University, and the Board of Regents of the University of California.

(Added by Stats.1971, Ch. 1812, p. 3915, § 1. Amended by Stats.1983, Ch. 143, § 184.)

§4476. "Person," as used in this chapter means any individual, corporation, association, or any other entity organized for the purpose of conducting business.

(Added by Stats.1971, Ch. 1812, p. 3916, § 1.)

§4477. No state agency shall enter into any contract for the purchase of supplies, equipment, or services from any person who is in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district, or is subject to a cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions, or is finally determined to be in violation of provisions of federal law relating to air or water pollution.

(Added by Stats.1971, Ch. 1812, p. 3916, § 1. Amended by Stats.1975, Ch. 957, p. 2140, § 5.)

§4478. The provisions of this chapter shall not apply to contracts with a dollar value below the required level for competitive bidding established in Section 10301 of the Public Contract Code.

(Added by Stats.1971, Ch. 1812, p. 3916, § 1. Amended by Stats.1987, Ch. 27, § 2, eff. May 28, 1987.)

§4479. Each state agency shall exercise due diligence in determining whether or not one or more persons have divided a contract to avoid the limitation of Section 4478.

(Added by Stats.1971, Ch. 1812, p. 3916, § 1. Amended by Stats.1987, Ch. 27, § 1, eff. May 28, 1987.)

§4480. The provisions of this chapter shall not apply when a person otherwise prohibited from contracting with the state under this chapter is the sole source of a product or services required by the state.

(Added by Stats.1971, Ch. 1812, p. 3916, § 1.)

§4481. Each local agency or board set forth in Section 4477 shall notify within seven days after determination thereof, the Water Resources Control Board or Air Resources Board of noncompliance with any final order, rule, or regulation or cease and desist order issued by them or of any violation reported pursuant to this section which has been cured and any action taken by the local agency or board. The Water Resources Control Board and the Air Resources Board shall also provide such notification as to finally determined violators of federal law relating to air or water pollution. The Water Resources Control Board and Air Resources Board shall provide a list of persons finally determined to be in violation of such laws, orders, rules, or regulations to state agencies on a monthly basis.

(Added by Stats.1971, Ch. 1812, p. 3916, § 1.)

§4482. The provisions of this chapter shall not apply to contracts executed prior to the effective date of this chapter.

(Added by Stats.1971, Ch. 1812, p. 3916, § 1.)

CHAPTER 10.5. **TARGET AREA CONTRACT PREFERENCE ACT**

§4530. This Chapter shall be known as the "Target Area Contract Preference Act."

(Added by Stats.1983, Ch. 323, § 35.7, eff. July 21, 1983.)

§4531. The Legislature hereby declares that it serves a public purpose, and is of benefit to the state, to encourage and facilitate job maintenance and job development in distressed and declining areas of cities and towns in the state. It is the intent of the Legislature to further these goals by providing appropriate preferences to California based companies submitting bids or proposals for state contracts to be performed at worksites in distressed areas by persons with a high risk of unemployment when the contract is for goods or services in excess of one hundred thousand dollars (\$100,000).

(Added by Stats.1983, Ch. 323, § 35.7, eff. July 21, 1983.)

§4532. As used in this Chapter:

(a) "Block group" means the smallest area for which the United States Department of Commerce, Bureau of the Census provides data on personal income.

(b) "Urbanized area" means a central city or cities and surrounding closely settled territory, as defined by the United States Department of Commerce, Bureau of the Census in the Federal Register, Vol. 39, Number 85, for Wednesday, May 1, 1974, at pages 15202-15203 and as periodically updated.

(c) "Cluster of block groups" means one or more contiguous block groups.

(d) "Distressed" means an urbanized area, within the State of California and as identified by the Office of Planning and Research, which contains at least 3,000 people in a cluster of block groups, each of which meet at least five of the following criteria according to the most recent available census information compared to the last statewide census:

- (1) The percentage of the block group's population over age 25 with less than a high school education was within the upper quartile of all block groups.
- (2) The unemployment rate of the block group was within the upper quartile of all block groups.
- (3) The per capita income of the block group was within the lower quartile of all block groups.
- (4) The percentage of the block group's households which were female-headed households in poverty with children present was within the upper quartile of all block groups.
- (5) The percentage of the block group's population over 65 who were in poverty was within the upper quartile of all block groups.
- (6) The percentage of the block group's households with more than 1.01 persons per room was within the upper quartile of all block groups.
- (7) The percentage of the block group's population younger than 18 who were in poverty was within the upper quartile of all block groups.
- (8) The percentage of the block group's population who were nonwhite or hispanic was within the upper quartile of all block groups.
- (e) "Approved special census" means a special census approved by the Population Research Unit of the Department of Finance.
- (f) "Person with a high risk of unemployment" means a person who:
- (1) As a member of one of the eligible groups defined in Section 321 of Public Law 95-600, qualifies an employer who hires him or her for the Targeted Jobs Tax Credit. These groups are: economically disadvantaged youth, economically disadvantaged Vietnam-era veterans, economically disadvantaged ex-convicts, vocational rehabilitation referrals, youth participating in a qualified cooperative education program, recipients of supplemental security income benefits under Title XVI of the Social Security Act, and general assistance recipients.
- (2) Would have qualified an employer hiring him or her for the Work Incentive/Welfare Tax Credit authorized by Section 322 of Public Law 95-600. These persons include applicants and recipients of aid to families with dependent children who would have registered for the Work Incentive Program, and aid to families with dependent children recipients who have been receiving welfare for at least 90 days.
- (g) "Poverty" means the poverty level, as defined by the United States Department of Commerce, Bureau of the Census in the Federal Register, Volume 43, Number 87, for Thursday, May 4, 1978, at pages 19260-19269, and as periodically updated.
- (h) "California based company" means either of the following:
- (1) A business or corporation whose principal office is located in California, and the owners, or officers if the entity is a corporation, are domiciled in California.
- (2) A business or corporation that has a major office or manufacturing facility located in California and that has been licensed by the state on a continuous basis to conduct business within the state and has continuously employed California residents for work within the state during the three years prior to submitting a bid or proposal for a state contract.
- (i) "Worksite" means either of the following:
- (1) A business located within a distressed area.
- (2) A business located in directly adjoining census tract blocks that when attached to the distressed area forms a contiguous boundary. A company that intends to perform the work at a worksite described in this paragraph shall submit a map with the bid or proposal identifying where the worksite is located.
- (Added by Stats.1983, Ch. 323, § 35.7, eff. July 21, 1983. Amended by Stats.1990, Ch. 1568 (A.B.312), § 1.5, eff. Sept. 30, 1990, operative Oct. 1, 1990; Stats.1992, Ch. 744 (A.B.2304), § 1.)

§4533. Whenever the state prepares ~~an invitation for bid (I.F.B.)~~ a solicitation for a contract for goods in excess of one hundred thousand dollars (\$100,000), except a contract in which the worksite is fixed by the provisions of the contract, the state shall award a 5-percent preference to California-based companies who demonstrate and certify under penalty of perjury that ~~no less than 50 percent of the labor~~ of the total labor hours required to manufacture the goods and

perform the contract, at least 50 percent of the hours shall be accomplished at an identified worksite or worksites located in a distressed area.
(Amended by Stats. 1998, Ch. 1030, (AB 835, Wright)).

§4533.1. Where a bidder complies with the provisions of Section 4533, or the worksite or worksites where at least 50 percent of the labor required to perform the contract is within commuting distance of a distressed area, the state shall award a 1-percent preference for bidders who ~~shall agree~~ certify under penalty of perjury to hire persons with high risk of unemployment equal to 5 to 9 percent of its work force during the period of contract performance; a 2-percent preference for bidders who shall agree to hire persons with high risk of unemployment equal to 10 to 14 percent of its work force during the period of contract performance; a 3-percent preference for bidders who shall agree to hire persons with high risk of unemployment equal to 15 to 19 percent of its work force during the period of contract performance; and a 4-percent preference for bidders who shall agree to hire persons with high risk of unemployment equal to 20 or more percent of its work force during the period of contract performance.
(Amended by Stats. 1998, Ch. 1030, (AB 835, Wright)).

§4534. In evaluating proposals for contracts for services in excess of one hundred thousand dollars (\$100,000), except a contract in which the worksite is fixed by the provisions of the contract, the state shall award a 5-percent preference on the price submitted by California-based companies who demonstrate and certify under penalty of perjury that ~~they shall not less than 90 percent of the total labor hours required to~~ perform the contract shall be accomplished at an identified worksite or worksites located in a distressed area.
(Amended by Stats. 1998, Ch. 1030, (AB 835, Wright)).

§4534.1. Where a bidder complies with the provisions of Section 4534, the state shall award the additional preferences as set forth in Section 4533.1 as appropriate.
(Added by Stats. 1983, Ch. 323, § 35.7, eff. July 21, 1983.)

§4535. All state contracts issued to bidders who are awarded preferences under this Chapter shall contain conditions to ensure that the contractor performs the contract at the location specified and meets any commitment to employ persons with high risk of unemployment.
(Added by Stats. 1983, Ch. 323, § 35.7, eff. July 21, 1983.)

§4535.1. A business which requests and is given the preference provided for in Section 4533, 4533.1, 4534, or 4534.1 by reason of having furnished a false certification, and which by reason of that certification has been awarded a contract to which it would not otherwise have been entitled, shall be subject to all of the following :

- (a) Pay to the state any difference between the contract amount and what the state's cost would have been if the contract had been properly awarded.
- (b) In addition to the amount specified in subdivision (a), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract involved.
- (c) Be ineligible to directly or indirectly transact any business with the state for a period of not less than three months and not more than 24 months.

Prior to the imposition of any sanction under this chapter, the contractor or vendor shall be entitled to a public hearing and to five days' notice of the time and place thereof. The notice shall state the reasons for the hearing.

(Amended by Stats. 1998, Ch. 1030, (AB 835, Wright)).

§4535.2. (a) The maximum preference and incentive a bidder may be awarded pursuant to this chapter and any other provision of law shall be 15 percent. However, in no case shall the maximum preference and incentive cost under this chapter exceed fifty thousand dollars (\$50,000) for any bid, nor shall the combined cost of preferences and incentives granted pursuant to this chapter and any other provision of law exceed one hundred thousand

dollars(\$100,000). In those cases where the 15-percent cumulated preference and incentive cost would exceed the one hundred thousand dollar (\$100,000) maximum preference and incentive cost limit, the one hundred thousand dollar (\$100,000) maximum preference and incentive cost limit shall apply.

(b) Notwithstanding the provisions of this chapter, small business bidders qualified in accordance with Section 14838 shall have precedence over nonsmall business bidders in that the application of any bidder preference for which nonsmall business bidders may be eligible, including the preference contained in this chapter, shall not result in the denial of the award to a small business bidder.

This ~~provision~~ subdivision shall apply to those cases where the small business bidder is the lowest responsible bidder, as well as to those cases where the small business bidder is eligible for award as the result of application of the 5-percent small business bidder preference and incentive.
(Amended by Stats. 1998, Ch. 1030, (AB 835, Wright)).

§4535.3. The Department of General Services, with the cooperation of the Employment Development Department, the Department of Industrial Relations and the Office of Planning and Research, and under the direction of the State and Consumer Services Agency, shall adopt appropriate rules, regulations, and guidelines to implement this Chapter.
(Added by Stats. 1983, Ch. 323, § 35.7, eff. July 21, 1983.)

CHAPTER 11 ANTITRUST CLAIMS

§4550. As used in this chapter:

(a) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the state or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.

(b) "Public purchasing body" means the state or the subdivision or agency making a public purchase.

(Added by Stats. 1978, Ch. 414; Amended by Stats. 1990, Ch. 694 (AB 3416.))

§4552. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder.

The preceding provisions of this section shall be included in full in any specifications for the public purchase and shall be included in full in the bid agreement or general provisions incorporated into the bid agreement.

(Added by Stats. 1978, Ch. 414)

§4553. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery.

In state contracts, the preceding provisions of this section shall be included in full in any specifications for the public purchase and shall be included in full in the bid agreement or general provisions incorporated into the bid agreement.

(Added by Stats. 1978, Ch. 414; Amended by Stats. 1984, Ch. 740.)

§4554. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action.

In state contracts, the preceding provisions of this section shall be included in full in any specifications for the public purchase and shall be included in full in the bid agreement or general

provisions incorporated into the bid agreement.

(Added by Stats. 1978, Ch. 414; Amended by Stats. 1984, Ch. 740.)

DIVISION 7. MISCELLANEOUS

CHAPTER 2.6 STATE PAYMENT CARD ACT

§6160. The Legislature finds and declares that there are costs associated with all forms of payment, including cash and checks. The Legislature further finds and declares that by accepting payment by credit card or other payment devices, state agencies will be able to take advantage of new technologies that will improve their efficiency and will increase consumer convenience and choice by providing state consumers with an alternative method of payment. (Added by Stats. 1995, Ch. 926, (AB 1374)).

§6161. For the purposes of this chapter:

(a) "Cardholder" means a person making a payment to a state agency by credit card or payment device.

(b) "Credit card" shall have the same meaning as provided in subsection (k) of Section 1602 of Title 15 of the United States Code (Section 103(k) of the federal Truth in Lending Act, and regulations promulgated thereunder).

(c) "Director" means the Director of General Services.

(d) "In person" means from one natural person to another who, as an employee or other representative of a state agency, accepts payment and processes the payment according to the procedures of the agency.

(e) "Payment device" shall have the same meaning as the definition of "accepted card or other means of access" set forth in paragraph (1) of Section 1693a of Title 15 of the United States Code (Section 903(1) of the federal Electronic Fund Transfer Act), and for purposes of this chapter shall also include a card that enables a person to pay for transactions through the use of value stored on the card itself.

(f) "Person" means a natural person or an organization, including a corporation, partnership, limited liability company, proprietorship, association, cooperative, estate, trust, or government unit.

(g) "State agency" shall have the same meaning as set forth in Section 11000.

(Added by Stats. 1995, Ch. 926, (AB 1374)).

§6162. (a) Except as provided in Section 6159, the Director of General Services, or his or her designee, may negotiate and enter into any contracts necessary to implement or facilitate the acceptance of credit cards or payment devices by state agencies. The authority granted to the director pursuant to this section shall include the discretion to negotiate and agree to specific terms applicable to each state agency, including, but not limited to, the terms regarding any payment of fees to third parties for the acceptance of credit cards or payment devices, types of payments, any limitations on amounts and limits of liabilities that would be eligible for payment by credit card or payment device, and operational requirements.

(b) The director may seek to negotiate master contracts or other contracts that allow the cost-effective acceptance of payment by credit card or payment device. Additionally, the director or any state agency negotiating these contracts shall use its best efforts to minimize the financial

impact of credit card or other payment device acceptance on the state agency, taxpayers, and the public who use its services.
(Added by Stats. 1995, Ch. 926, (AB 1374)).

§6163. (a) (1) Except as provided in paragraphs (2) and (3), all state agencies shall, commencing on or before January 1, 1997, and thereafter, accept payment made by means of a credit card or payment device.

(2) (A) On or before June 30, 1996, a state agency may request that the director grant an exemption from paragraph (1) if the agency determines that its acceptance of payments by credit card or payment device would have any of the following results:

- (i) It would not be cost-effective.
- (ii) It would result in a net additional unfunded cost to the agency.
- (iii) It would result in a shortfall of revenues to the State of California.

(B) A request made pursuant to this paragraph shall state the reasons for the agency's determination. The director may request additional information from the requesting agency, and shall approve or deny the exemption request within 60 days of the receipt of all relevant information from the agency.

(C) In determining cost effectiveness, an agency may consider more than one year. In determining the cost effectiveness of credit card and payment device acceptance, the state agency shall consider all factors relating to costs and savings associated with accepting credit cards and payment devices. However, an agency may accept payment by credit card or other payment device notwithstanding the cost effectiveness, if, upon the agency's analysis, the additional level of customer service offered by these payment methods outweighs cost considerations.

(D) "Costs" for the purposes of this subdivision shall include, but not be limited to, the following:

- (i) Amounts paid to a third party for accepting the credit card or payment device.
- (ii) Equipment costs, including telephone and maintenance expenses.
- (iii) Labor costs of the state agency related to processing payments made by a credit card or payment device.

(E) "Savings" for the purposes of this subdivision shall include, but not be limited to , the following:

- (i) The use of the float by the applicable state agency.
- (ii) Reduction in bank fees that would be charged for payments made by cash and checks.
- (iii) The costs of handling cash, labor savings, theft or pilferage, reduced storage, and security and transit of handling and holding cash.
- (iv) The costs of handling checks.
- (v) Dishonored check costs.
- (vi) Decreased facility needs.
- (vii) Increased collection of mandated payments.
- (viii) Increased sales of discretionary goods and services.
- (ix) Reduced paperwork.
- (x) Fewer in-person transactions, especially with the use of voice response units and kiosks.

(3) Notwithstanding paragraph (1), a state agency shall not accept payment by credit card or payment device if the state agency is unable to enter into the contracts on terms that are acceptable to the agency, or if the director acting on behalf of the agency is unable to enter into contracts on terms that are acceptable to the director and the agency, as are necessary to enable the agency to accept payment by credit card or payment device.

(4) If the Franchise Tax Board does not accept payment by credit card or payment device as a result of this subdivision, then the law regarding credit card payments in existence prior to the effective date of the legislation adding this chapter shall apply to the Franchise Tax Board.

(b) The director may establish procedures to delegate the authority granted under this chapter to other state agencies so that these agencies may enter into contracts for accepting credit cards or other payment device on behalf of the respective agency.

(c) For entities established under Article VI of the California Constitution, the authority of the director under this chapter shall rest with the administrative director of those entities.

(d) Any agency that is accepting payment by credit card or payment device, pursuant to the terms of any agreement entered into prior to January 1, 1997, need not comply with this section.

(e) Any agency that intends to accept payment by credit card or payment device pursuant to a master contract entered into by the director shall transmit a letter of intent so stating to the director on or before June 30, 1996.

(Added by Stats. 1995, Ch. 926 (AB 1374)).

§6164. No officer or employee of a state agency, or other individual, who in the course of his or her employment or duty has or had access to credit card or payment device information provided to the state agency under this chapter shall disclose or make known in any manner information provided under this chapter or use the information for any unauthorized purpose. Any violation of this section shall be a misdemeanor.

(Added by Stats. 1995, Ch. 926 (AB 1374)).

§6165. The Department of General Services and state agencies shall enter into interagency agreements to reimburse the Department of General Services for its costs in entering into contracts pursuant to this chapter.

(Added by Stats. 1995, Ch. 926 (AB 1374)).

CHAPTER 3.1. ADDRESS CONFIDENTIALITY FOR VICTIMS OF DOMESTIC VIOLENCE

§6205. The Legislature finds that persons attempting to escape from actual or threatened domestic violence frequently establish new addresses in order to prevent their assailants or probable assailants from finding them. The purpose of this chapter is to enable state and local agencies to respond to requests for public records without disclosing the location of a victim of domestic violence, to enable interagency cooperation with the Secretary of State in providing address confidentiality for victims of domestic violence, and to enable state and local agencies to accept a program participant's use of an address designated by the Secretary of State as a substitute mailing address.

(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

§6205.5 Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(a) "Address" means a residential street address, school address, or work address of an individual, as specified on the individual's application to be a program participant under this chapter.

(b) "Domestic violence" means an act as defined in Section 273.5 of the Penal Code.

(c) "Program participant" means a person certified as a program participant under Section 6206.

§6206. (a) An adult person, a parent or guardian acting on behalf of a minor, or a guardian acting on behalf of an incapacitated person may apply to the Secretary of State to have an address designated by the Secretary of State serve as the person's address or the address of the minor or incapacitated person. An application shall be completed in person at a community-based victims' assistance program. The application process shall include a requirement that the applicant shall meet with a victims' assistance counselor and receive orientation information about the program. The Secretary of State shall approve an application if it is filed in the manner and on the form prescribed by the Secretary of State and if it contains all of the following:

(1) Documentation of any of the following:

(A) A police report indicating domestic violence.

(B) A temporary or permanent restraining order.

(C) A stay of three or more nights in a domestic violence shelter facility in the last year.

(2) A sworn statement by the applicant that the applicant has good reason to believe both of the following:

(A) That the applicant, or the minor or incapacitated person on whose behalf the application is made, is a victim of domestic violence.

(B) That the applicant fears for his or her safety or his or her children's safety, or the safety of the minor or incapacitated person on whose behalf the application is made.

(3) A statement of whether there are any existing court orders involving the applicant for child support, child custody, or child visitation, and whether there are any active court actions involving the applicant for child support, child custody, or child visitation, the name and address of legal counsel of record, and the last known address of the other parent or parents involved in those court orders or court actions.

(4) A designation of the Secretary of State as agent for purposes of service of process and for the purpose of receipt of mail.

(A) Service on the Secretary of State of any summons, writ, notice, demand, or process shall be made by delivering to the address confidentiality program personnel of the Office of the Secretary of State two copies of the summons, writ, notice, demand, or process.

(B) If a summons, writ, notice, demand, or process is served on the Secretary of State, the Secretary of State shall immediately cause a copy to be forwarded to the program participant at the address shown on the records of the address confidentiality program so that the summons, writ, notice, demand, or process is received by the program participant within three days of the Secretary of State's having received it.

(C) The Secretary of State shall keep a record of all summonses, writs, notices, demands, and processes served upon the Secretary of State under this section and shall record the time of that service and the Secretary of State's action.

(D) The office of the Secretary of State and any agent or person employed by the Secretary of State shall be held harmless from any liability in any action brought by any person injured or harmed as a result of the handling of first-class mail on behalf of program participants.

(5) The mailing address where the applicant can be contacted by the Secretary of State, and the phone number or numbers where the applicant can be called by the Secretary of State.

(6) The address or addresses that the applicant requests not be disclosed for the reason that disclosure will increase the risk of domestic violence.

(7) The signature of the applicant and of any individual or representative of any office designated in writing under Section 6208.5 who assisted in the preparation of the application, and the date on which the applicant signed the application.

(b) Applications shall be filed with the office of the Secretary of State.

(c) Upon filing a properly completed application, the Secretary of State shall certify the applicant as a program participant. Applicants shall be certified for four years following the date of filing unless the certification is withdrawn or invalidated before that date. The Secretary of State shall by rule establish a renewal procedure.

(d) Upon certification, in any case where there are court orders or court actions identified in paragraph (2) of subdivision (a) of Section 6206, the Secretary of State shall, within 10 days, notify the other parent or parents of the address designated by the Secretary of State for the program participant and the designation of the Secretary of State as agent for purposes of service of process. The notice shall be given by mail, return receipt requested, postage prepaid, to the last known address of the other parent to be notified. A copy shall also be sent to that parent's counsel of record.

(e) A person who falsely attests in an application that disclosure of the applicant's address would endanger the applicant's safety or the safety of the applicant's children or the minor or incapacitated person on whose behalf the application is made, or who knowingly provides false or incorrect information upon making an application, is guilty of a misdemeanor. A notice shall be printed in bold type and in a conspicuous location on the face of the application informing the applicant of the penalties under this subdivision.

(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

§6206.5. (a) If the program participant obtains a name change, he or she loses certification as a program participant.

(b) The Secretary of State may cancel a program participant's certification if there is a change in the residential address from the one listed on the application, unless the program participant provides the Secretary of State with at least seven days' prior notice of the change of address.

(c) The Secretary of State may cancel certification of a program participant if mail forwarded by the secretary to the program participant's address is returned as nondeliverable.

(d) The Secretary of State shall cancel certification of a program participant who applies using false information.

(e) Any records or documents pertaining to a program participant shall be retained and held confidential for a period of three years after termination of certification and then destroyed.
(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

§6206.7. (a) A program participant may withdraw from program participation by submitting to the address confidentiality program manager written notification of withdrawal and his or her current identification card. Certification shall be terminated on the date of receipt of this notification.

(b) The address confidentiality program manager may terminate a program participant's certification and invalidate his or her authorization card for any of the following reasons:

(1) The program participant's certification term has expired and certification renewal has not been completed.

(2) The address confidentiality program manager has determined that false information was used in the application process or that participation in the program is being used as a subterfuge to avoid detection of illegal or criminal activity or apprehension by law enforcement.

(3) The program participant no longer resides at the residential address listed on the application, and has not provided at least seven days' prior notice in writing of a change in address.

(4) A service of process document or mail forwarded to the program participant by the address confidentiality program manager is returned as nondeliverable.

(5) The program participant obtains a legal name change.

(c) If termination is a result of paragraph (1), (3), (4), or (5) of subdivision (b), the address confidentiality program manager shall send written notification of the intended termination to the program participant. The program participant shall have five business days in which to appeal the termination under procedures developed by the Secretary of State.

(d) The address confidentiality program manager shall notify in writing the county elections official and authorized personnel of the appropriate county clerk's office, county recording office, and department of health of the program participant's certification withdrawal, invalidation, expiration, or termination.

(e) Upon receipt of this termination notification, authorized personnel shall transmit to the address confidentiality program manager all appropriate administrative records pertaining to the program participant and the record transmitting agency is no longer responsible for maintaining the confidentiality of a terminated program participant's record.

(f) Following termination of program participant certification as a result of subdivision (b), the address confidentiality program manager may disclose information contained in the participant's application.

(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

§6207. (a) A program participant may request that state and local agencies use the address designated by the Secretary of State as his or her address. When creating a public record, state and local agencies shall accept the address designated by the Secretary of State as a program participant's substitute address, unless the Secretary of State has determined both of the following:

(1) The agency has a bona fide statutory or administrative requirement for the use of the address which would otherwise be confidential under this chapter.

(2) This address will be used only for those statutory and administrative purposes and shall not be publicly disseminated.

(b) A program participant may request that state and local agencies use the address designated by the Secretary of State as his or her address. When modifying or maintaining a

public record, excluding the record of any birth, fetal death, death, or marriage registered under Division 102 (commencing with Section 102100) of the Health and Safety Code, state and local agencies shall accept the address designated by the Secretary of State as a program participant's substitute address, unless the Secretary of State has determined both of the following:

(1) The agency has a bona fide statutory or administrative requirement for the use of the address which would otherwise be confidential under this chapter.

(2) This address will be used only for those statutory and administrative purposes and shall not be publicly disseminated.

(c) A program participant may use the address designated by the Secretary of State as his or her work address.

(d) The office of the Secretary of State shall forward all first-class mail and all mail sent by a governmental agency to the appropriate program participants. The office of the Secretary of State shall not handle or forward packages regardless of size or type of mailing.

(e) Notwithstanding subdivision (a), program participants shall comply with the provisions specified in subdivision (d) of Section 1808.21 of the Vehicle Code if requesting suppression of the records maintained by the Department of Motor Vehicles. Program participants shall also comply with all other provisions of the Vehicle Code relating to providing current address information to the department.

(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

§ 6207.5. A program participant who is otherwise qualified to vote may seek to register and vote in a confidential manner pursuant to Section 2166.5 of the Elections Code.

(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

§6208. The Secretary of State may not make a program participant's address, other than the address designated by the Secretary of State, available for inspection or copying, except under any of the following circumstances:

(a) If requested by a law enforcement agency, to the law enforcement agency.

(b) If directed by a court order, to a person identified in the order.

(c) If certification has been canceled.

(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

§6208.5. The Secretary of State shall designate state and local agencies and nonprofit agencies that provide counseling and shelter services to victims of domestic violence to assist persons applying to be program participants. Any assistance and counseling rendered by the office of the Secretary of State or its designees to applicants shall in no way be construed as legal advice.

(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

§6209. The Secretary of State may adopt rules to facilitate the administration of this chapter by state and local agencies.

(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

6209.5. If a program participant under this chapter notifies the appropriate county clerk as required under rules adopted by the Secretary of State, the county clerk shall not make available for inspection or copying the name and address of a program participant contained in marriage applications and records filed under this chapter, except under either of the following circumstances:

(a) If requested by a law enforcement agency, to the law enforcement agency.

(b) If directed by a court order, to a person identified in the order.

§6209.7. (a) Nothing in this chapter, nor participation in this program, affects custody or visitation orders in effect prior to or during program participation. A program participant who falsifies his or her location in order to unlawfully avoid custody or visitation orders is subject to immediate termination from the program and is guilty of a misdemeanor.

(b) Participation in the program does not constitute evidence of domestic violence for purposes of making custody or visitation orders.
(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

§6210. (a) Notwithstanding Section 7550.5, the Secretary of State shall submit to the Legislature, no later than January 10 of each year, a report that includes the total number of applications received for the program established by this chapter. The report shall disclose the number of program participants within each county and shall also describe any allegations of misuse relating to election purposes.

(b) The Secretary of State shall commence accepting applications and other activities under this program on July 1, 1999.

(c) Notwithstanding Section 7550.5, the Secretary of State shall submit to the Legislature by January 1, 2004, a report that includes the total number of pieces of mail forwarded to program participants, the number of program participants during the program's duration, the average length of time a participant remains in the program, and the targeted code changes needed to improve the program's efficiency and cost-effectiveness.

(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

§6211. This chapter shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.

(Added by Stats. 1998, Ch. 1005, (SB 489, Alpert)).

CHAPTER 3.5. INSPECTION OF PUBLIC RECORDS

ARTICLE 1. GENERAL PROVISIONS

§6250. In enacting this chapter, the Legislature, mindful of the right of individuals to privacy, finds and declares that access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state.

(Amended by Stats. 1970, Ch. 575, § 1.)

§6251. This chapter shall be known and may be cited as the **California Public Records Act**.

(Added by Stats. 1968, Ch. 1473, § 39.)

§6252. As used in this chapter:

(a) "State agency" means every state office, officer, department, division, bureau, board, and commission or other state body or agency, except those agencies provided for in Article IV (except Section 20 thereof) or Article VI of the California Constitution.

(b) "Local agency" includes a county; city, whether general law or chartered; city and county; school district; municipal corporation; district; political subdivision; or any board, commission or agency thereof; other local public agency; or nonprofit entities that are legislative bodies of a local agency pursuant to subdivisions (c) and (d) of Section 54952.

(c) "Person" includes any natural person, corporation, partnership, limited liability company, firm, or association.

(d) "Public agency" means any state or local agency.

(e) "Public records" includes any writing containing information relating to the conduct of the public's business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. "Public records" in the custody of, or maintained by, the Governor's office means any writing prepared on or after January 6, 1975.

(f) "Writing" means handwriting, typewriting, printing, photostating, photographing, and every other means of recording upon any form of communication or representation, including letters,

words, pictures, sounds, or symbols, or combination thereof, and all papers, maps, magnetic or paper tapes, photographic films and prints, magnetic or punched cards, discs, drums, and other documents.

(g) "Member of the public" means any person, except a member, agent, officer, or employee of a federal, state, or local agency acting within the scope of his or her membership, agency, office, or employment.

(Amended by Stats. 1998, Ch. 620 (SB 143, Kopp)).

§6252.5. Notwithstanding the definition of "member of the public" in Section 6252, an elected member or officer of any state or local agency is entitled to access to public records of that agency on the same basis as any other person. Nothing in this section shall limit the ability of elected members or officers to access public records permitted by law in the administration of their duties.

This section does not constitute a change in, but is declaratory of, existing law.

(Added by Stats. 1998, Ch. 620, (SB 143, Kopp)).

§6253. (a) Public records are open to inspection at all times during the office hours of the state or local agency and every person has a right to inspect any public record, except as hereafter provided. Any reasonably segregable portion of a record shall be available for inspection by any person requesting the record after deletion of the portions that are exempted by law.

(b) Except with respect to public records exempt from disclosure by express provisions of law, each state or local agency, upon a request for a copy of records that reasonably describes an identifiable record or records, shall make the records promptly available to any person, upon payment of fees covering direct costs of duplication, or a statutory fee, if applicable. Upon request, an exact copy shall be provided unless impracticable to do so. Computer data shall be provided in a form determined by the agency.

(c) Each agency, upon a request for a copy of records shall, within 10 days from receipt of the request, determine whether the request, in whole or in part, seeks copies of disclosable public records in the possession of the agency and shall promptly notify the person making the request of the determination and the reasons therefor. In unusual circumstances, the time limit prescribed in this section may be extended by written notice by the head of the agency or his or her designee to the person making the request setting forth the reasons for the extension and the date on which a determination is expected to be dispatched. No notice shall specify a date that would result in an extension for more than 14 days. As used in this section, "unusual circumstances" means, but only to the extent reasonably necessary to the proper processing of the particular request:

(1) The need to search for and collect the requested records from field facilities or other establishments that are separate from the office processing the request.

(2) The need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records which are demanded in a single request.

(3) The need for consultation, which shall be conducted with all practicable speed, with another agency having substantial interest in the determination of the request or among two or more components of the agency having substantial subject matter interest therein.

(d) Nothing in this chapter shall be construed to permit an agency to obstruct the inspection or copying of public records. Any notification of denial of any request for records shall set forth the names and titles or positions of each person responsible for the denial.

(e) Except as otherwise prohibited by law, a state or local agency may adopt requirements for itself that allow for faster, more efficient, or greater access to records than prescribed by the minimum standards set forth in this chapter.

(Added by Stats. 1998, Ch. 620, (SB 143, Kopp)).

Old Section 6253 of the Government Code is amended and renumbered to read:

~~§6253.4. (a) Public records are open to inspection at all times during the office hours of the state or local agency and every person has a right to inspect any public record, except as~~

~~hereafter provided~~. Every agency may adopt regulations stating the procedures to be followed when making its records available in accordance with this section.

The following state and local bodies shall establish written guidelines for accessibility of records. A copy of these guidelines shall be posted in a conspicuous public place at the offices of these bodies, and a copy of the guidelines shall be available upon request free of charge to any person requesting that body's records:

- Department of Motor Vehicles
- Department of Consumer Affairs
- Department of Transportation
- Department of Real Estate
- Department of Corrections
- Department of the Youth Authority
- Department of Justice
- Department of Insurance
- Department of Corporations
- Secretary of State
- State Air Resources Board
- Department of Water Resources
- Department of Parks and Recreation
- San Francisco Bay Conservation and Development Commission
- State Board of Equalization
- State Department of Health Services
- Employment Development Department
- State Department of Social Services
- State Department of Mental Health
- State Department of Developmental Services
- State Department of Alcohol and Drug Abuse
- Office of Statewide Health Planning and Development
- Public Employees' Retirement System
- Teachers' Retirement Board
- Department of Industrial Relations
- Department of General Services
- Department of Veterans Affairs
- Public Utilities Commission
- California Coastal Commission
- State Water Resources Control Board
- San Francisco Bay Area Rapid Transit District
- All regional water quality control boards
- Los Angeles County Air Pollution Control District
- Bay Area Air Pollution Control District
- Golden Gate Bridge, Highway and Transportation District
- Department of Toxic Substances Control
- Office of Environmental Health Hazard Assessment

(b) Guidelines and regulations adopted pursuant to this section shall be consistent with all other sections of this chapter and shall reflect the intention of the Legislature to make the records accessible to the public. The guidelines and regulations adopted pursuant to this section shall not operate to limit the hours public records are open for inspection as prescribed in Section 6253.

(Amended by Stats. 1998, Ch. 620, (SB 143, Kopp)).

§6254. Except as provided in Sections 6254.7 and 6254.13, nothing in this chapter shall be construed to require disclosure of records that are any of the following:

(a) Preliminary drafts, notes, or interagency or intra-agency memoranda that are not retained by the public agency in the ordinary course of business, provided that the public interest in withholding those records clearly outweighs the public interest in disclosure.

(b) Records pertaining to pending litigation to which the public agency is a party, or to claims made pursuant to Division 3.6 (commencing with Section 810), until the pending litigation or claim has been finally adjudicated or otherwise settled.

(c) Personnel, medical, or similar files, the disclosure of which would constitute an unwarranted invasion of personal privacy.

(d) Contained in or related to:

(1) Applications filed with any state agency responsible for the regulation or supervision of the issuance of securities or of financial institutions, including, but not limited to, banks, savings and loan associations, industrial loan companies, credit unions, and insurance companies.

(2) Examination, operating, or condition reports prepared by, on behalf of, or for the use of, any state agency referred to in paragraph (1).

(3) Preliminary drafts, notes, or interagency or intra-agency communications prepared by, on behalf of, or for the use of, any state agency referred to in paragraph (1).

(4) Information received in confidence by any state agency referred to in paragraph (1).

(e) Geological and geophysical data, plant production data, and similar information relating to utility systems development, or market or crop reports, which are obtained in confidence from any person.

(f) Records of complaints to, or investigations conducted by, or records of intelligence information or security procedures of, the office of the Attorney General and the Department of Justice, and any state or local police agency, or any investigatory or security files compiled by any other state or local police agency, or any investigatory or security files compiled by any other state or local agency for correctional, law enforcement, or licensing purposes, except that state and local law enforcement agencies shall disclose the names and addresses of persons involved in, or witnesses other than confidential informants to, the incident, the description of any property involved, the date, time, and location of the incident, all diagrams, statements of the parties involved in the incident, the statements of all witnesses, other than confidential informants, to the victims of an incident, or an authorized representative thereof, an insurance carrier against which a claim has been or might be made, and any person suffering bodily injury or property damage or loss, as the result of the incident caused by arson, burglary, fire, explosion, larceny, robbery, carjacking, vandalism, vehicle theft, or a crime as defined by subdivision (c) of Section 13960, unless the disclosure would endanger the safety of a witness or other person involved in the investigation, or unless disclosure would endanger the successful completion of the investigation or a related investigation. However, nothing in this division shall require the disclosure of that portion of those investigative files that reflect the analysis or conclusions of the investigating officer.

Other provisions of this subdivision notwithstanding, state and local law enforcement agencies shall make public the following information, except to the extent that disclosure of a particular item of information would endanger the safety of a person involved in an investigation or would endanger the successful completion of the investigation or a related investigation:

(1) The full name and occupation of every individual arrested by the agency, the individual's physical description including date of birth, color of eyes and hair, sex, height and weight, the time and date of arrest, the time and date of booking, the location of the arrest, the factual circumstances surrounding the arrest, the amount of bail set, the time and manner of release or the location where the individual is currently being held, and all charges the individual is being held upon, including any outstanding warrants from other jurisdictions and parole or probation holds.

(2) Subject to the restrictions imposed by Section 841.5 of the Penal Code, the time, substance, and location of all complaints or requests for assistance received by the agency and the time and nature of the response thereto, including, to the extent the information regarding crimes alleged or committed or any other incident investigated is recorded, the time, date, and location of occurrence, the time and date of the report, the name and age of the victim, the factual circumstances surrounding the crime or incident, and a general description of any injuries, property, or weapons involved. The name of a victim of any crime defined by Section 220, 261, 262, 264, 264.1, 273a, 273d, 273.5, 286, 288, 288a, 289, 422.6, 422.7, 422.75, or 646.9 of the Penal Code may be withheld at the victim's request, or at the request of the victim's parent or guardian if the victim is a minor. When a person is the victim of more than one crime,

information disclosing that the person is a victim of a crime defined by Section 220, 261, 262, 264, 264.1, 273a, 273d, 286, 288, 288a, 289, 422.6, 422.7, 422.75, or 646.9 of the Penal Code may be deleted at the request of the victim, or the victim's parent or guardian if the victim is a minor, in making the report of the crime, or of any crime or incident accompanying the crime, available to the public in compliance with the requirements of this paragraph.

(3) Subject to the restrictions of Section 841.5 of the Penal Code and this subdivision, the current address of every individual arrested by the agency and the current address of the victim of a crime, where the requester declares under penalty of perjury that the request is made for a scholarly, journalistic, political, or governmental purpose, or that the request is made for investigation purposes by a licensed private investigator as described in Chapter 11.3 (commencing with Section 7512) of Division 3 of the Business and Professions Code, except that the address of the victim of any crime defined by Section 220, 261, 262, 264, 264.1, 273a, 273d, 273.5, 286, 288, 288a, 289, 422.6, 422.7, 422.75, or 646.9 of the Penal Code shall remain confidential. Address information obtained pursuant to this paragraph shall not be used directly or indirectly to sell a product or service to any individual or group of individuals, and the requester shall execute a declaration to that effect under penalty of perjury.

(g) Test questions, scoring keys, and other examination data used to administer a licensing examination, examination for employment, or academic examination, except as provided for in Chapter 3 (commencing with Section 99150) of Part 65 of the Education Code.

(h) The contents of real estate appraisals or engineering or feasibility estimates and evaluations made for or by the state or local agency relative to the acquisition of property, or to prospective public supply and construction contracts, until all of the property has been acquired or all of the contract agreement obtained. However, the law of eminent domain shall not be affected by this provision.

(i) Information required from any taxpayer in connection with the collection of local taxes that is received in confidence and the disclosure of the information to other persons would result in unfair competitive disadvantage to the person supplying the information.

(j) Library circulation records kept for the purpose of identifying the borrower of items available in libraries, and library and museum materials made or acquired and presented solely for reference or exhibition purposes. The exemption in this subdivision shall not apply to records of fines imposed on the borrowers.

(k) Records the disclosure of which is exempted or prohibited pursuant to federal or state law, including, but not limited to, provisions of the Evidence Code relating to privilege.

(l) Correspondence of and to the Governor or employees of the Governor's office or in the custody of or maintained by the Governor's legal affairs secretary, provided that public records shall not be transferred to the custody of the Governor's legal affairs secretary to evade the disclosure provisions of this chapter.

(m) In the custody of or maintained by the Legislative Counsel, except those records in the public data base maintained by the Legislative Counsel that are described in Section 10248.

(n) Statements of personal worth or personal financial data required by a licensing agency and filed by an applicant with the licensing agency to establish his or her personal qualification for the license, certificate, or permit applied for.

(o) Financial data contained in applications for financing under Division 27 (commencing with Section 44500) of the Health and Safety Code, where an authorized officer of the California Pollution Control Financing Authority determines that disclosure of the financial data would be competitively injurious to the applicant and the data is required in order to obtain guarantees from the United States Small Business Administration. The California Pollution Control Financing Authority shall adopt rules for review of individual requests for confidentiality under this section and for making available to the public those portions of an application which are subject to disclosure under this chapter.

(p) Records of state agencies related to activities governed by Chapter 10.3 (commencing with Section 3512), Chapter 10.5 (commencing with Section 3525), and Chapter 12 (commencing with Section 3560) of Division 4 of Title 1, that reveal a state agency's deliberative processes, impressions, evaluations, opinions, recommendations, meeting minutes, research, work products, theories, or strategy, or that provide instruction, advice, or training to employees who do not have full collective bargaining and representation rights under these chapters. Nothing in

this subdivision shall be construed to limit the disclosure duties of a state agency with respect to any other records relating to the activities governed by the employee relations acts referred to in this subdivision.

(q) Records of state agencies related to activities governed by Articles 2.6 (commencing with Section 14081), 2.8 (commencing with Section 14087.5), and 2.91 (commencing with Section 14089) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, that reveal the special negotiator's deliberative processes, discussions, communications, or any other portion of the negotiations with providers of health care services, impressions, opinions, recommendations, meeting minutes, research, work product, theories, or strategy, or that provide instruction, advice, or training to employees.

Except for the portion of a contract containing the rates of payment, contracts for inpatient services entered into pursuant to these articles, on or after April 1, 1984, shall be open to inspection one year after they are fully executed. In the event that a contract for inpatient services that is entered into prior to April 1, 1984, is amended on or after April 1, 1984, the amendment, except for any portion containing the rates of payment, shall be open to inspection one year after it is fully executed. If the California Medical Assistance Commission enters into contracts with health care providers for other than inpatient hospital services, those contracts shall be open to inspection one year after they are fully executed.

Three years after a contract or amendment is open to inspection under this subdivision, the portion of the contract or amendment containing the rates of payment shall be open to inspection.

Notwithstanding any other provision of law, the entire contract or amendment shall be open to inspection by the Joint Legislative Audit Committee. The Joint Legislative Audit Committee shall maintain the confidentiality of the contracts and amendments until the time a contract or amendment is fully open to inspection by the public.

(r) Records of Native American graves, cemeteries, and sacred places maintained by the Native American Heritage Commission.

(s) A final accreditation report of the Joint Commission on Accreditation of Hospitals that has been transmitted to the State Department of Health Services pursuant to subdivision (b) of Section 1282 of the Health and Safety Code.

(t) Records of a local hospital district, formed pursuant to Division 23 (commencing with Section 32000) of the Health and Safety Code, or the records of a municipal hospital, formed pursuant to Article 7 (commencing with Section 37600) or Article 8 (commencing with Section 37650) of Chapter 5 of Division 3 of Title 4 of this code, that relate to any contract with an insurer or nonprofit hospital service plan for inpatient or outpatient services for alternative rates pursuant to Section 10133 or 11512 of the Insurance Code. However, the record shall be open to inspection within one year after the contract is fully executed.

(u) (1) Information contained in applications for licenses to carry firearms issued pursuant to Section 12050 of the Penal Code by the sheriff of a county or the chief or other head of a municipal police department that indicates when or where the applicant is vulnerable to attack or that concerns the applicant's medical or psychological history or that of members of his or her family.

(2) The home address and telephone number of peace officers, judges, court commissioners, and magistrates that are set forth in applications for licenses to carry firearms issued pursuant to Section 12050 of the Penal Code by the sheriff of a county or the chief or other head of a municipal police department.

(3) The home address and telephone number of peace officers, judges, court commissioners, and magistrates that are set forth in licenses to carry firearms issued pursuant to Section 12050 of the Penal Code by the sheriff of a county or the chief or other head of a municipal police department.

(v) (1) Records of the Major Risk Medical Insurance Program related to activities governed by Part 6.3 (commencing with Section 12695), and Part 6.5 (commencing with Section 12700), of Division 2 of the Insurance Code, and that reveal the deliberative processes, discussions, communications, or any other portion of the negotiations with health plans, or the impressions, opinions, recommendations, meeting minutes, research, work product, theories, or strategy of the board or its staff, or records that provide instructions, advice, or training to employees.

(2) (A) Except for the portion of a contract that contains the rates of payment, contracts for health coverage entered into pursuant to Part 6.3 (commencing with Section 12695), or Part 6.5 (commencing with Section 12700), of Division 2 of the Insurance Code, on or after July 1, 1991, shall be open to inspection one year after they have been fully executed.

(B) In the event that a contract for health coverage that is entered into prior to July 1, 1991, is amended on or after July 1, 1991, the amendment, except for any portion containing the rates of payment shall be open to inspection one year after the amendment has been fully executed.

(3) Three years after a contract or amendment is open to inspection pursuant to this subdivision, the portion of the contract or amendment containing the rates of payment shall be open to inspection.

(4) Notwithstanding any other provision of law, the entire contract or amendments to a contract shall be open to inspection by the Joint Legislative Audit Committee. The Joint Legislative Audit Committee shall maintain the confidentiality of the contracts and amendments thereto, until the contract or amendments to a contract is open to inspection pursuant to paragraph (3).

(w) (1) Records of the Major Risk Medical Insurance Program related to activities governed by Chapter 14 (commencing with Section 10700) of Part 2 of Division 2 of the Insurance Code, and that reveal the deliberative processes, discussions, communications, or any other portion of the negotiations with health plans, or the impressions, opinions, recommendations, meeting minutes, research, work product, theories, or strategy of the board or its staff, or records that provide instructions, advice, or training to employees.

(2) Except for the portion of a contract that contains the rates of payment, contracts for health coverage entered into pursuant to Chapter 14 (commencing with Section 10700) of Part 2 of Division 2 of the Insurance Code, on or after January 1, 1993, shall be open to inspection one year after they have been fully executed.

(3) Notwithstanding any other provision of law, the entire contract or amendments to a contract shall be open to inspection by the Joint Legislative Audit Committee. The Joint Legislative Audit Committee shall maintain the confidentiality of the contracts and amendments thereto, until the contract or amendments to a contract is open to inspection pursuant to paragraph (2).

(x) Financial data contained in applications for registration, or registration renewal, as a service contractor filed with the Director of the Department of Consumer Affairs pursuant to Chapter 20 (commencing with Section 9800) of Division 3 of the Business and Professions Code, for the purpose of establishing the service contractor's net worth, or, financial data regarding the funded accounts held in escrow for service contracts held in force in this state by a service contractor.

(y) (1) Records of the Managed Risk Medical Insurance Board related to activities governed by Part 6.2 (commencing with Section 12693) of Division 2 of the Insurance Code, and that reveal the deliberative processes, discussions, communications, or any other portion of the negotiations with health plans, or the impressions, opinions, recommendations, meeting minutes, research, work product, theories, or strategy of the board or its staff, or records that provide instructions, advice, or training to employees.

(2) (A) Except for the portion of a contract that contains the rates of payment, contracts entered into pursuant to Part 6.2 (commencing with Section 12693) of Division 2 of the Insurance Code, on or after January 1, 1998, shall be open to inspection one year after they have been fully executed.

(B) In the event that a contract entered into pursuant to Part 6.2 (commencing with Section 12693) of Division 2 of the Insurance Code is amended, the amendment shall be open to inspection one year after the amendment has been fully executed.

(3) Three years after a contract or amendment is open to inspection pursuant to this subdivision, the portion of the contract or amendment containing the rates of payment shall be open to inspection.

(4) Notwithstanding any other provision of law, the entire contract or amendments to a contract shall be open to inspection by the Joint Legislative Audit Committee. The Joint Legislative Audit Committee shall maintain the confidentiality of the contracts and amendments

thereto until the contract or amendments to a contract are open to inspection pursuant to paragraph (2) or (3).

(z) Records obtained pursuant to paragraph (2) of subdivision (c) of Section 2891.1 of the Public Utilities Code.

Nothing in this section prevents any agency from opening its records concerning the administration of the agency to public inspection, unless disclosure is otherwise prohibited by law.

Nothing in this section prevents any health facility from disclosing to a certified bargaining agent relevant financing information pursuant to Section 8 of the National Labor Relations Act.

(Amended by Stats. 1998, Ch. 13 (AB 487, Leach); and by Stats of 1998, Ch. 110 (AB 1759, Runner)).

§6254.20. Nothing in this chapter shall be construed to require the disclosure of records that relate to electronically collected personal information, as defined by Section 11015.5, received, collected, or compiled by a state agency.

(Added by Stats. of 1998, Ch. 429 (SB 1386, Leslie)).

§6254.21. (a) No state or local agency shall post the home address or telephone number of any elected or appointed official on the Internet without first obtaining the written permission of that individual.

(b) For purposes of this section "elected or appointed official" includes, but is not limited to, all of the following:

- (1) State constitutional officers.
- (2) Members of the Legislature.
- (3) Judges and court commissioners.
- (4) District attorneys.
- (5) Public defenders.
- (6) Members of a city council.
- (7) Members of a board of supervisors.
- (8) Appointees of the Governor.
- (9) Appointees of the Legislature.
- (10) Mayors.
- (11) City attorneys.
- (12) Police chiefs and sheriffs.

(Added by Stats. 1998, Ch. 429 (SB 1386, Leslie)).

~~6256. Any person may receive a copy of any identifiable public record or copy thereof. Upon request, an exact copy shall be provided unless impracticable to do so. Computer data shall be provided in a form determined by the agency.~~

~~Each agency, upon any request for a copy of records shall determine within 10 days after the receipt of such request whether to comply with the request and shall immediately notify the person making the request of such determination and the reasons therefor.~~

~~(Repealed by Stats. 1998, Ch. 620, (SB 143, Kopp)).~~

~~6256.1. In unusual circumstances, as specified in this section, the time limit prescribed in Section 6256 may be extended by written notice by the head of the agency to the person making the request setting forth the reasons for the extension and the date on which a determination is expected to be dispatched. No such notice shall specify a date that would result in an extension for more than 10 working days.~~

~~As used in this section "unusual circumstances" means, but only to the extent reasonably necessary to the proper processing of the particular request:~~

~~(a) The need to search for and collect the requested records from field facilities or other establishments that are separate from the office processing the request.~~

~~(b) The need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records which are demanded in a single request.~~

~~(c) The need for consultation, which shall be conducted with all practicable speed, with another agency having a substantial interest in the determination of the request or among two or more components of the agency having substantial subject matter interest therein.~~
(Repealed by Stats. 1998, Ch. 620, (SB 143, Kopp)).

~~6256.2. Nothing in this chapter shall be construed to permit an agency to delay access for purposes of inspecting public records. Any notification of denial of any request for records shall set forth the names and titles or positions of each person responsible for the denial.~~
(Repealed by Stats. 1998, Ch. 620, (SB 143, Kopp)).

~~6257. Except with respect to public records exempt by express provisions of law from disclosure, each state or local agency, upon any request for a copy of records, which reasonably describes an identifiable record, or information produced therefrom, shall make the records promptly available to any person, upon payment of fees covering direct costs of duplication, or a statutory fee, if applicable. Any reasonably segregable portion of a record shall be provided to any person requesting such record after deletion of the portions which are exempt by law.~~
(Repealed by Stats. 1998, Ch. 620, (SB 143, Kopp)).

Article 2. Other Exemptions from Disclosure

(Added by Stats. 1998, Ch. 620, (SB 143, Kopp)).

§6275. It is the intent of the Legislature to assist members of the public and state and local agencies in identifying exemptions to the California Public Records Act. It is the intent of the Legislature that, after January 1, 1999, each addition or amendment to a statute that exempts any information contained in a public record from disclosure pursuant to subdivision (k) of Section 6254 shall be listed and described in this article. The statutes listed in this article may operate to exempt certain records, or portions thereof, from disclosure. The statutes listed and described may not be inclusive of all exemptions. The listing of a statute in this article does not itself create an exemption. Requesters of public records and public agencies are cautioned to review the applicable statute to determine the extent to which the statute, in light of the circumstances surrounding the request, exempts public records from disclosure.

§6276. Records or information not required to be disclosed pursuant to subdivision (k) of Section 6254 may include, but shall not be limited to, records or information identified in statutes listed in this article.

§6276.02. Accident Reports, Admissibility as Evidence, Section 315, Public Utilities Code.

Acquired Immune Deficiency Syndrome, blood test results, written authorization not necessary for disclosure, Section 121010, Health and Safety Code.

Acquired Immune Deficiency Syndrome, blood test subject, compelling identity of, Section 120975, Health and Safety Code.

Acquired Immune Deficiency Syndrome, confidentiality of personal data of patients in State Department of Health Services programs, Section 120820, Health and Safety Code.

Acquired Immune Deficiency Syndrome, confidentiality of research records, Sections 121090, 121095, 121115, and 121120, Health and Safety Code.

Acquired Immune Deficiency Syndrome, confidentiality of vaccine

volunteers, Section 121280, Health and Safety Code.

Acquired Immune Deficiency Syndrome, confidentiality of information obtained in prevention programs at correctional facilities and law enforcement agencies, Sections 7552 and 7554, Penal Code.

Acquired Immune Deficiency Syndrome, confidentiality of test results of person convicted of prostitution, Section 1202.6, Penal Code.

Acquired Immune Deficiency Syndrome, disclosure of results of HIV test, penalties, Section 120980, Health and Safety Code.

Acquired Immune Deficiency Syndrome, personal information, insurers tests, confidentiality of, Section 799, Insurance Code.

Acquired Immune Deficiency Syndrome, public safety and testing disclosure, Sections 121065 and 121070, Health and Safety Code.

Acquired Immune Deficiency Syndrome Research and Confidentiality Act, production or discovery of records for use in criminal or civil proceedings against subject prohibited, Section 121100, Health and Safety Code.

Acquired Immune Deficiency Syndrome Public Health Records Confidentiality Act, personally identifying information confidentiality, Section 121025, Health and Safety Code.

Acquired Immune Deficiency Syndrome, test of criminal defendant pursuant to search warrant requested by victim, confidentiality of, Section 1524.1, Penal Code.

Acquired Immune Deficiency Syndrome, test results, disclosure to patient's spouse and others, Section 121015, Health and Safety Code.

Acquired Immune Deficiency Syndrome, test of person under Youth Authority, disclosure of results, Section 1768.9, Welfare and Institutions Code.

Acquired Immune Deficiency Syndrome Research and Confidentiality Act, definitions, Section 121125, Health and Safety Code.

Acquired Immune Deficiency Syndrome Research and Confidentiality Act, financial audits or program evaluations, Section 121085, Health and Safety Code.

Acquired Immune Deficiency Syndrome Research and Confidentiality Act, violations, Section 121100, Health and Safety Code.

Acquired Immune Deficiency Syndrome Research and Confidentiality Act, personally identifying research records not to be disclosed, Section 121075, Health and Safety Code.

Acquired Immune Deficiency Syndrome Research and Confidentiality Act, permittee disclosure, Section 121080, Health and Safety Code.

Administrative procedure, adjudicatory hearings, disclosure of ex parte communication to administrative law judge, Section 11430.40, Government Code.

Administrative procedure, adjudicatory hearings, interpreters, Section 11513, Government Code.

Adoption records, confidentiality of, Section 102730, Health and Safety Code.

§6276.04. Aeronautics Act, reports of investigations and hearings, Section 21693, Public Utilities Code.

Agricultural producers marketing, access to records, Section 59616, Food and Agricultural Code.

Aiding disabled voters, Section 14282, Elections Code.

Air pollution data, confidentiality of trade secrets, Section 6254.7, Government Code, and Sections 42303.2 and 43206, Health and

Safety Code.

Air toxics emissions inventory plans, protection of trade secrets, Section 44346, Health and Safety Code.

Alcohol and drug abuse records and records of communicable diseases, confidentiality of, Section 123125, Health and Safety Code.

Apiary registration information, confidentiality of, Section 29041, Food and Agricultural Code.

Arrest not resulting in conviction, disclosure or use of records, Sections 432.7 and 432.8, Labor Code.

Arsonists, registered, confidentiality of certain information, Section 457.1, Penal Code.

Artificial insemination, donor not natural father, confidentiality of records, Section 7613, Family Code.

Assessor's records, confidentiality of information in, Section 408, Revenue and Taxation Code.

Assessor's records, confidentiality of information in, Section 451, Revenue and Taxation Code.

Assessor's records, display of documents relating to business affairs or property of another, Section 408.2, Revenue and Taxation Code.

Assigned risk plans, rejected applicants, confidentiality of information, Section 11624, Insurance Code.

Attorney applicant, investigation by State Bar, confidentiality of, Section 6060.2, Business and Professions Code.

Attorney-client confidential communication, Section 6068, Business and Professions Code and Sections 952, 954, 956, 956.5, 957, 958, 959, 960, 961, and 962, Evidence Code.

Attorney, disciplinary proceedings, confidentiality prior to formal proceedings, Section 6086.1, Business and Professions Code.

Attorney, disciplinary proceeding, State Bar access to nonpublic court records, Section 6090.6, Business and Professions Code.

Attorney, investigation by State Bar, confidentiality of, Section 6168, Business and Professions Code.

Attorney, law corporation, investigation by State Bar, confidentiality of, Section 6168, Business and Professions Code.

Attorney, State Bar survey information, confidentiality of, Section 6033, Business and Professions Code.

Attorney work product confidentiality in administrative adjudication, Section 11507.6, Government Code.

Attorney, work product, confidentiality of, Section 6202, Business and Professions Code.

Attorney work product, discovery, Section 2018, Code of Civil Procedure.

Auditor General, access to records for audit purposes, Sections 10527 and 10527.1, Government Code.

Auditor General, disclosure of audit records, Section 10525, Government Code.

Automobile Insurance Claims Depository, confidentiality of information, Section 1876.3, Insurance Code.

Automobile insurance, investigation of fraudulent claims, confidential information, Section 1872.8, Insurance Code.

Automotive repair facility, fact of certification or decertification, Section 9889.47, Business and Professions Code.

Automotive repair facility, notice of intent to seek certification, Section 9889.33, Business and Professions Code.

Avocado handler transaction records, confidentiality of, Sections

44982 and 44984, Food and Agricultural Code.

§6276.06. Bank and Corporation Tax, disclosure of information, Article 2 (commencing with Section 19542), Chapter 7, Part 10.2, Division 2, Revenue and Taxation Code.

Bank employees, confidentiality of criminal history information, Sections 777.5 and 4990, Financial Code.

Bank reports, confidentiality of, Section 1939, Financial Code.

Basic Property Insurance Inspection and Placement Plan, confidential reports, Section 10097, Insurance Code.

Beef Council of California, confidentiality of fee transactions information, Section 64691.1, Food and Agricultural Code.

Bids, confidentiality of, Section 10304, Public Contract Code.

Birth, death, and marriage licenses, confidential information contained in, Sections 102100 and 102110, Health and Safety Code.

Birth defects, monitoring, confidentiality of information collected, Section 103850, Health and Safety Code.

Birth, live, confidential portion of certificate, Sections 102430, 102475, 103525, and 103590, Health and Safety Code.

Blood tests, confidentiality of hepatitis and AIDS carriers, Section 1603.1, Health and Safety Code.

Blood-alcohol percentage test results, vehicular offenses, confidentiality of, Section 1804, Vehicle Code.

Bureau of Fraudulent Claims, investigations or publication of information, Section 12991, Insurance Code.

Business and professions licensee exemption for social security number, Section 30, Business and Professions Code.

§6276.08. Cable television subscriber information, confidentiality of, Section 637.5, Penal Code.

California AIDS Program, personal data, confidentiality, Section 120820, Health and Safety Code.

California Apple Commission, confidentiality of lists of persons, Section 75598, Food and Agricultural Code.

California Apple Commission, confidentiality of proprietary information from producers or handlers, Section 75633, Food and Agricultural Code.

California Asparagus Commission, confidentiality of lists of producers, Section 78262, Food and Agricultural Code.

California Asparagus Commission, confidentiality of proprietary information from producers, Section 78288, Food and Agricultural Code.

California Avocado Commission, confidentiality of information from handlers, Section 67094, Food and Agricultural Code.

California Avocado Commission, confidentiality of proprietary information from handlers, Section 67104, Food and Agricultural Code.

California Cherry Commission, confidentiality of proprietary information from producers, processors, shippers, or grower-handlers, Section 76144, Food and Agricultural Code.

California Cut Flower Commission, confidentiality of lists of producers, Section 77963, Food and Agricultural Code.

California Cut Flower Commission, confidentiality of proprietary information from producers, Section 77988, Food and Agricultural Code.

California Date Commission, confidentiality of proprietary information from producers and grower-handlers, Section 77843, Food

and Agricultural Code.

California Egg Commission, confidentiality of proprietary information from handlers or distributors, Section 75134, Food and Agricultural Code.

California Forest Products Commission, confidentiality of lists of persons, Section 77589, Food and Agricultural Code.

California Forest Products Commission, confidentiality of proprietary information from producers, Section 77624, Food and Agricultural Code.

California Iceberg Lettuce Commission, confidentiality of information from handlers, Section 66624, Food and Agricultural Code.

California Kiwifruit Commission, confidentiality of proprietary information from producers or handlers, Section 68104, Food and Agricultural Code.

California Navel Orange Commission, confidentiality of proprietary information from producers or handlers and lists of producers and handlers, Section 73257, Food and Agricultural Code.

California Pepper Commission, confidentiality of lists of producers and handlers, Section 77298, Food and Agricultural Code.

California Pepper Commission, confidentiality of proprietary information from producers or handlers, Section 77334, Food and Agricultural Code.

California Pistachio Commission, confidentiality of proprietary information from producers or processors, Section 69045, Food and Agricultural Code.

California Salmon Commission, confidentiality of fee transactions records, Section 76901.5, Food and Agricultural Code.

California Salmon Commission, confidentiality of request for list of commercial salmon vessel operators, Section 76950, Food and Agricultural Code.

California Seafood Council, confidentiality of fee transaction records, Section 78553, Food and Agricultural Code.

California Seafood Council, confidentiality of information on volume of fish landed, Section 78575, Food and Agricultural Code.

California Sheep Commission, confidentiality of proprietary information from producers or handlers and lists of producers, Section 76343, Food and Agricultural Code.

California State University contract law, bids, questionnaires and financial statements, Section 10763, Public Contract Code.

California Table Grape Commission, confidentiality of information from shippers, Section 65603, Food and Agricultural Code.

California Tomato Commission, confidentiality of lists of producers, handlers, and others, Section 78679, Food and Agricultural Code.

California Tomato Commission, confidentiality of proprietary information, Section 78704, Food and Agricultural Code.

California Walnut Commission, confidentiality of lists of producers, Section 77101, Food and Agricultural Code.

California Walnut Commission, confidentiality of proprietary information from producers or handlers, Section 77154, Food and Agricultural Code.

California Wheat Commission, confidentiality of proprietary information from handlers and lists of producers, Section 72104, Food and Agricultural Code.

California Wheat Commission, confidentiality of requests for assessment refund, Section 72109, Food and Agricultural Code.

California Wine Commission, confidentiality of proprietary information from producers or vintners, Section 74655, Food and Agricultural Code.

California Wine Grape Commission, confidentiality of proprietary information from producers and vintners, Section 74955, Food and Agricultural Code.

§6276.10. Cancer registries, confidentiality of information, Section 103885, Health and Safety Code.

Candidate for local nonpartisan elective office, confidentiality of ballot statement, Section 13311, Elections Code.

Charter-Party Carriers, unauthorized disclosures by commission, Section 5412.5, Public Utilities Code.

Child abuse information, exchange by multidisciplinary personnel teams, Section 830, Welfare and Institutions Code.

Child abuse information reported to Department of Justice, confidentiality of, Sections 11107.5 and 11169, Penal Code.

Child abuse report and those making report, confidentiality of, Sections 11167, 11167.5, and 11174.3, Penal Code.

Child care liability insurance, confidentiality of information, Section 1864, Insurance Code.

Child concealer, confidentiality of address, Section 277, Penal Code.

Child custody investigation report, confidentiality of, Section 3111, Family Code.

Child day care facility, nondisclosure of complaint, Section 1596.853, Health and Safety Code.

Child health and disability prevention, confidentiality of health screening and evaluation results, Section 124110, Health and Safety Code.

Child support, confidentiality of income tax return, Section 3552, Family Code.

Child support, promise to pay, confidentiality of, Section 7614, Family Code.

Childhood lead poisoning prevention, confidentiality of blood lead findings, Section 124130, Health and Safety Code.

Cigarette tax, confidential information, Section 30455, Revenue and Taxation Code.

Civil actions, delayed disclosure for 30 days after complaint filed, Section 482.050, Code of Civil Procedure.

Closed sessions, meetings of local governments, pending litigation, Section 54956.9, Government Code.

Closed sessions, multijurisdictional drug enforcement agencies, Section 54957.8, Government Code.

Colorado River Board, confidential information and records, Section 12519, Water Code.

Commercial fishing licensee, confidentiality of records, Section 7923, Fish and Game Code.

Commercial fishing reports, Section 8022, Fish and Game Code.

Community care facilities, confidentiality of client information, Section 1557.5, Health and Safety Code.

Community college employee, candidate examination records, confidentiality of, Section 88093, Education Code.

Community college employee, notice and reasons for nonreemployment, confidentiality, Section 87740, Education Code.

§6276.12. Conservatee, confidentiality of the conservatee's report, Section 1826, Probate Code.

Conservatee, estate plan of, confidentiality of, Section 2586, Probate Code.

Conservatee with disability, confidentiality of report, Section 1827.5, Probate Code.

Conservator, confidentiality of conservator's birthdate and driver's license number, Section 1834, Probate Code.

Conservator, supplemental information, confidentiality of, Section 1821, Probate Code.

Conservatorship, court review of, confidentiality of report, Section 1851, Probate Code.

Consumer credit report information prohibited from being furnished for employment purposes, Section 1785.18, Civil Code.

Consumer fraud investigations, access to complaints and investigations, Section 26509, Government Code.

Consumption or utilization of mineral materials, disclosure of, Section 2207.1, Public Resources Code.

Contractor, evaluations and contractor responses, confidentiality of, Section 10370, Public Contract Code.

Contractor, license applicants, evidence of financial solvency, confidentiality of, Section 7067.5, Business and Professions Code.

Controlled Substance Law violations, confidential information, Section 818.7, Government Code.

Controlled substance offenders, confidentiality of registration information, Section 11594, Health and Safety Code.

Cooperative Marketing Association, confidential information disclosed to conciliator, Sections 54453 and 54457, Food and Agricultural Code.

Coroner, inquests, subpoena duces tecum, Sections 27491.8 and 27498, Government Code.

Corporations, commissioner, publication of information filed with commissioner, Section 25605, Corporations Code.

County alcohol programs, confidential information and records, Section 11812, Health and Safety Code.

County Employees' Retirement, confidential statements and records, Section 31532, Government Code.

County mental health system, confidentiality of client information, Section 5610, Welfare and Institutions Code.

County social services, investigation of applicant, confidentiality, Section 18491, Welfare and Institutions Code.

County social services rendered by volunteers, confidentiality of records of recipients, Section 10810, Welfare and Institutions Code.

Court files, access to, restricted for 60 days, Section 1161.2, Code of Civil Procedure.

Court reporters, confidentiality of records and reporters, Section 68525, Government Code.

Court-appointed special advocates, confidentiality of information acquired or reviewed, Section 105, Welfare and Institutions Code.

Crane employers, previous business identities, confidentiality of, Section 7383, Labor Code.

Credit unions, confidentiality of investigation and examination reports, Section 14257, Financial Code.

Credit unions, confidentiality of employee criminal history information, Section 14409.2, Financial Code.

Credit unions, confidentiality of financial reports, Section

16120, Financial Code.

Criminal defendant, indigent, confidentiality of request for funds for investigators and experts, Section 987.9, Penal Code.

Criminal felon placed in diagnostic facility, confidentiality of report of diagnosis and recommendation, Sections 1203.3 and 1543, Penal Code.

Criminal offender record information, access to, Sections 11076, 11077, 11081, 13201, and 13202, Penal Code.

Criminal records information, disclosure by vendor, Section 11149.4, Penal Code.

Criminal statistics, confidentiality of information, Section 13013, Penal Code.

Crop reports, confidential, subdivision (e), Section 6254, Government Code.

Customer list of employment agency, trade secret, Section 16607, Business and Professions Code.

Customer list of telephone answering service, trade secret, Section 16606, Business and Professions Code.

§6276.14. Dairy Council of California, confidentiality of ballots, Section 64155, Food and Agricultural Code.

Data processing systems contracts with state agencies, confidentiality of information, Section 11772, Government Code.

Death, report that physician's or podiatrist's negligence or incompetence may be cause, confidentiality of, Section 802.5, Business and Professions Code.

Dentist advertising and referral contract exemption, Section 650.2, Business and Professions Code.

Dentist, alcohol or dangerous drug rehabilitation and diversion, confidentiality of records, Section 1698, Business and Professions Code.

Department of Consumer Affairs licensee exemption for alcohol or dangerous drug treatment and rehabilitation records, Section 156.1, Business and Professions Code.

Developmentally disabled conservatee confidentiality of reports and records, Sections 416.8 and 416.18, Health and Safety Code.

Developmentally disabled or mentally disordered person as victim of crime, information in report filed with law enforcement agency, Section 5004.5, Welfare and Institutions Code.

Developmentally disabled person, access to information provided by family member, Section 4727, Welfare and Institutions Code.

Developmentally disabled person and person with mental illness, access to and release of information about, by protection and advocacy agency, Section 4903, Welfare and Institutions Code.

Developmentally disabled person, confidentiality of patient records, state agencies, Section 4553, Welfare and Institutions Code.

Developmentally disabled person, confidentiality of records and information, Sections 4514 and 4518, Welfare and Institutions Code.

Diesel Fuel Tax information, disclosure prohibited, Section 60609, Revenue and Taxation Code.

Disability compensation, confidential medical records, Section 2714, Unemployment Insurance Code.

Disability insurance, access to registered information, Section 789.7, Insurance Code.

Discrimination complaint to Division of Labor Standards Enforcement, confidentiality of witnesses, Section 98.7, Labor Code.

Dispute resolution participants confidentiality, Section 471.5, Business and Professions Code.

District Agricultural Association Board, records, public inspection, Section 3968, Food and Agricultural Code.

Domestic violence counselor and victim, confidentiality of communication, Sections 1037.2 and 1037.5, Evidence Code.

Driver arrested for traffic violation, notice of reexamination for evidence of incapacity, confidentiality of, Section 40313, Vehicle Code.

Driver's license file information, sale or inspection, Section 1810, Vehicle Code.

Driving school and driving instructor licensee records, confidentiality of, Section 11108, Vehicle Code.

§6276.16. Educational psychologist-patient, privileged communication, Section 1010.5, Evidence Code.

Electronic and appliance repair dealer, service contractor, financial data in applications, subdivision (x), Section 6254, Government Code.

Electronic data processing, data security and confidentiality, Sections 11771 and 11772, Government Code.

Emergency Medical Services Fund, patient named, Section 1797.98c, Health and Safety Code.

Eminent domain proceedings, use of state tax returns, Section 1263.520, Code of Civil Procedure.

Employee personnel file, confidential preemployment information, Section 1198.5, Labor Code.

Employment agency, confidentiality of customer list, Section 16607, Business and Professions Code.

Employment application, nondisclosure of arrest record or certain convictions, Sections 432.7 and 432.8, Labor Code.

Employment Development Department, furnishing materials, Section 307, Unemployment Insurance Code.

Equal wage rate violation, confidentiality of complaint, Section 1197.5, Labor Code.

Equalization, State Board of, prohibition against divulging information, Section 15619, Government Code.

Escrow Agents' Fidelity Corporation, confidentiality of examination and investigation reports, Section 17336, Financial Code.

Escrow agents' confidentiality of reports on violations, Section 17414, Financial Code.

Escrow agents' confidentiality of state summary criminal history information, Section 17414.1, Financial Code.

Estate tax, confidential records and information, Sections 14251 and 14252, Revenue and Taxation Code.

Excessive rates or complaints, reports, Section 1857.9, Insurance Code.

Executive Department, closed sessions and the record of topics discussed, Sections 11126 and 11126.1, Government Code.

Executive Department, investigations and hearings, confidential nature of information acquired, Section 11183, Government Code.

§6276.18. Family counselor and client, confidential information, Section 4982, Business and Professions Code.

Family Court, records, Section 1818, Family Law Code.

Farm product processor license, confidentiality of financial

statements, Section 55523.6, Food and Agricultural Code.
Farm product processor licensee, confidentiality of grape purchases, Section 55601.5, Food and Agricultural Code.
Fee payer information, prohibition against disclosure by Board of Equalization and others, Section 55381, Revenue and Taxation Code.
Financial institutions, issuance of securities, reports and records of state agencies, subdivision (d), Section 6254, Government Code.
Financial records, confidentiality of, Sections 7470, 7471, and 7473, Government Code.
Financial statements of insurers, confidentiality of information received, Section 925.3, Insurance Code.
Financial statements and questionnaires, of prospective bidders for the state, confidentiality of, Section 10165, Public Contract Code.
Financial statements and questionnaires, of prospective bidders for California State University contracts, confidentiality of, Section 10763, Public Contract Code.
Firearm license applications, subdivision (u), Section 6254, Government Code.
Firearm sale or transfer, confidentiality of records, Section 12082, Penal Code.
Firefighters Service Award, confidentiality of data filed with the Board of Administration of the Public Employees' Retirement System, Section 50955, Government Code.
Fish and wildlife law enforcement agreements with other states, confidentiality of information, Section 391, Fish and Game Code.
Fish and wildlife taken illegally, public record status of records of case, Section 2584, Fish and Game Code.
Food stamps, disclosure of information, Section 18909, Welfare and Institutions Code.
Foreign marketing of agricultural products, confidentiality of financial information, Section 58577, Food and Agricultural Code.
Forest fires, anonymity of informants, Section 4417, Public Resources Code.
Foster homes, identifying information, Section 1536, Health and Safety Code.
Franchise Tax Board, access to Franchise Tax Board information by the State Department of Social Services, Section 11025, Welfare and Institutions Code.
Franchise Tax Board, auditing, confidentiality of, Section 90005, Government Code
Franchises, applications, and reports filed with Commissioner of Corporations, disclosure and withholding from public inspection, Section 31504, Corporations Code.
Fur dealer licensee, confidentiality of records, Section 4041, Fish and Game Code.

§6276.22. Genetic test results in medical record of applicant or enrollee of specified insurance plans, Sections 10123.35 and 10140.1, Insurance Code.
Governor, correspondence of and to Governor and Governor's office, subdivision (l), Section 6254, Government Code.
Governor, transfer of public records in control of, restrictions on public access, Section 6268, Government Code.
Grand juror, disclosure of information or indictment, Section 924, Penal Code.

Grand jury, confidentiality of request for special counsel, Section 936.7, Penal Code.

Grand jury, confidentiality of transcription of indictment or accusation, Section 938.1, Penal Code.

Group Insurance, Public Employees, Section 53202.25, Government Code.

Guardian, confidentiality of report used to check ability, Section 2342, Probate Code.

Guardianship, confidentiality of report regarding the suitability of the proposed guardian, Section 1543, Probate Code.

Guardianship, disclosure of report and recommendation concerning proposed guardianship of person or estate, Section 1513, Probate Code.

§6276.24. Harmful matter, distribution, confidentiality of certain recipients, Section 313.1, Penal Code.

Hazardous substance tax information, prohibition against disclosure, Section 43651, Revenue and Taxation Code.

Hazardous waste control, business plans, public inspection, Section 25506, Health and Safety Code.

Hazardous waste control, notice of unlawful hazardous waste disposal, Section 25180.5, Health and Safety Code.

Hazardous waste control, trade secrets, disclosure of information, Sections 25511 and 25538, Health and Safety Code.

Hazardous waste control, trade secrets, procedures for release of information, Section 25358.2, Health and Safety Code.

Hazardous waste generator report, protection of trade secrets, Sections 25244.21 and 25244.23, Health and Safety Code.

Hazardous waste licenseholder disclosure statement, confidentiality of, Section 25186.5, Health and Safety Code.

Hazardous waste management facilities on Indian lands, confidentiality of privileged or trade secret information, Section 25198.4, Health and Safety Code.

Hazardous waste recycling, duties of department, Section 25170, Health and Safety Code.

Hazardous waste recycling, list of specified hazardous wastes, trade secrets, Section 25175, Health and Safety Code.

Hazardous waste recycling, trade secrets, confidential nature, Sections 25173 and 25180.5, Health and Safety Code.

Healing arts licensees, central files, confidentiality, Section 800, Business and Professions Code.

Health Care Provider Central Files, confidentiality of, Section 800, Business and Professions Code.

Health care provider disciplinary proceeding, confidentiality of documents, Section 805.1, Business and Professions Code.

Health care service plans, review of quality of care, privileged communications, Sections 1370 and 1380, Health and Safety Code.

Health facilities, patient's rights of confidentiality, Sections 128735, 128755, and 128765, Health and Safety Code.

Health facility and clinic, consolidated data and reports, confidentiality of, Section 128730, Health and Safety Code.

Health personnel, data collection by the Office of Statewide Health Planning and Development, confidentiality of information on individual licentiates, Sections 127775 and 127780, Health and Safety Code.

Health planning and development pilot projects, confidentiality of

data collected, Section 128165, Health and Safety Code.
Hereditary Disorders Act, legislative finding and declaration, confidential information, Sections 124975 and 124980, Health and Safety Code.
Hereditary Disorders Act, rules, regulations, and standards, breach of confidentiality, Section 124980, Health and Safety Code.
Higher Education Employee-Employer Relations, findings of fact and recommended terms of settlement, Section 3593, Government Code.
Higher Education Employee-Employer Relations, access by Public Employment Relation Board to employer's or employee organizations records, Section 3563, Government Code.
HIV, disclosures to blood banks by department or county health officers, Section 1603.1, Health and Safety Code.
Home address of public employees and officers in Department of Motor Vehicles, records, confidentiality of, Sections 1808.2 and 1808.4, Vehicle Code.
Horse racing, horses, blood or urine test sample, confidentiality, Section 19577, Business and Professions Code.
Hospital district and municipal hospital records relating to contracts with insurers and service plans, subdivision (t), Section 6254, Government Code.
Hospital final accreditation report, subdivision (s), Section 6254, Government Code.
Housing authorities, confidentiality of rosters of tenants, Section 34283, Health and Safety Code.
Housing authorities, confidentiality of applications by prospective or current tenants, Section 34332, Health and Safety Code.

§6276.26. Improper obtaining or distributing of information from Department of Motor Vehicles, Sections 1808.46 and 1808.47, Vehicle Code.
Improper governmental activities reporting, confidentiality of identity of person providing information, Section 8547.5, Government Code.
Improper governmental activities reporting, disclosure of information, Section 8547.6, Government Code.
Industrial accident reports, confidentiality of information, Section 129, Labor Code.
Industrial loan companies, confidentiality of financial information, Section 18496, Financial Code.
Industrial loan companies, confidentiality of investigation and examination reports, Section 18394, Financial Code.
In forma pauperis litigant, rules governing confidentiality of financial information, Section 68511.3, Government Code.
Initiative, referendum, recall, and other petitions, confidentiality of names of signers, Section 6253.5, Government Code.
Inspector General, Youth and Adult Correctional Agency, confidentiality of records of employee interviews, Section 6127, Penal Code.
Insurance claims analysis, confidentiality of information, Section 1875.16, Insurance Code.
Insurance Commissioner, confidential information, Sections 735.5, 1077.3, and 12919, Insurance Code.
Insurance Commissioner, informal conciliation of complaints, confidential communications, Section 1858.02, Insurance Code.

Insurance Commissioner, information from examination or investigation, confidentiality of, Sections 1215.7, 1433, and 1759.3, Insurance Code.

Insurance Commissioner, report to Legislature, confidential information, Section 12961, Insurance Code.

Insurance Commissioner, writings filed with nondisclosure, Section 855, Insurance Code.

Insurance fraud reporting, information acquired not part of public record, Section 1873.1, Insurance Code.

Insurance Holding Company System Regulatory Act, examinations, Section 1215.7, Insurance Code.

Insurance licensee, confidential information, Section 1666.5, Insurance Code.

Insurer application information, confidentiality of, Section 925.3, Insurance Code.

Insurer financial analysis ratios and examination synopses, confidentiality of, Section 933, Insurance Code.

Insurer, request for examination of, confidentiality of, Section 1067.11, Insurance Code.

Integrated Waste Management Board information, prohibition against disclosure, Section 45982, Revenue and Taxation Code.

Intervention in regulatory and ratemaking proceedings, audit of customer seeking and award, Section 1804, Public Utilities Code.

Investigative consumer reporting agency, limitations on furnishing an investigative consumer report, Section 1786.12, Civil Code.

§6276.28. Joint Legislative Ethics Committee, confidentiality of reports and records, Section 8953, Government Code.

Judicial candidates, confidentiality of communications concerning, Section 12011.5, Government Code.

Jurors' lists, lists of registered voters and licensed drivers as source for, Section 197, Code of Civil Procedure.

Juvenile court proceedings to adjudge a person a dependent child of court, sealing records of, Section 389, Welfare and Institutions Code.

Juvenile criminal records, dissemination to schools, Section 828.1, Welfare and Institutions Code.

Juvenile delinquents, notification of chief of police or sheriff of escape of minor from secure detention facility, Section 1155, Welfare and Institutions Code.

Labor dispute, investigation and mediation records, confidentiality of, Section 65, Labor Code.

Lanterman-Petris-Short Act, mental health services recipients, confidentiality of information and records, mental health advocate, Sections 5540, 5541, 5542, and 5550, Welfare and Institutions Code.

Law enforcement vehicles, registration disclosure, Section 5003, Vehicle Code.

Legislative Counsel records, subdivision (m), Section 6254, Government Code.

Library circulation records and other materials, subdivision (i), Section 6254 and Section 6267, Government Code.

Life and disability insurers, actuarial information, confidentiality of, Section 10489.15, Insurance Code.

Litigation, confidentiality of settlement information, Section 68513, Government Code.

Local agency legislative body, closed sessions, disclosure of

materials, Section 54956.9, Government Code.

Local government employees, confidentiality of records and claims relating to group insurance, Section 53202.25, Government Code.

Local summary criminal history information, confidentiality of, Sections 13300 and 13305, Penal Code.

Local agency legislative body, closed session, nondisclosure of minute book, Section 54957.2, Government Code.

Local agency legislative body, meeting, disclosure of agenda, Section 54957.5, Government Code.

Long-term health facilities, confidentiality of complaints against, Section 1419, Health and Safety Code.

Long-term health facilities, confidentiality of records retained by State Department of Health Services, Section 1439, Health and Safety Code.

§6276.30. Major Risk Medical Insurance Program, negotiations with health plans, subdivisions (v) and (w) of Section 6254, Government Code.

Mandated blood testing and confidentiality to protect public health, prohibition against compelling identification of test subjects, Section 120975, Health and Safety Code.

Mandated blood testing and confidentiality to protect public health, unauthorized disclosures of identification of test subjects, Section 120980, Health and Safety Code.

Mandated blood testing and confidentiality to protect public health, disclosure to patient's spouse, sexual partner, needle sharer, or county health officer, Section 121015, Health and Safety Code.

Manufactured home, mobilehome, floating home, confidentiality of home address of registered owner, Section 18081, Health and Safety Code.

Marital confidential communications, Sections 980, 981, 982, 983, 984, 985, 986, and 987, Evidence Code.

Market reports, confidential, subdivision (e), Section 6254, Government Code.

Marketing of commodities, confidentiality of financial information, Section 58781, Food and Agricultural Code.

Marketing orders, confidentiality of processors or distributors' information, Section 59202, Food and Agricultural Code.

Marriage, confidential, certificate, Section 511, Family Code.

Medi-Cal Benefits Program, confidentiality of information, Section 14100.2, Welfare and Institutions Code.

Medi-Cal Benefits Program, Evaluation Committee, confidentiality of information, Section 14132.6, Welfare and Institutions Code.

Medi-Cal Benefits Program, Request of Department for Records of Information, Section 14124.89, Welfare and Institutions Code.

Medi-Cal Fraud Bureau, confidentiality of complaints, Section 12528, Government Code.

Medical information, disclosure by provider unless prohibited by patient in writing, Section 56.16, Civil Code.

Medical information, types of information not subject to patient prohibition of disclosure, Section 56.30, Civil Code.

Medical and other hospital committees and peer review bodies, confidentiality of records, Section 1157, Evidence Code.

Medical or dental licensee, action for revocation or suspension due to illness, report, confidentiality of, Section 828, Business and

Professions Code.

Medical or dental licensee, disciplinary action, denial or termination of staff privileges, report, confidentiality of, Sections 805, 805.1, and 805.5, Business and Professions Code.

Meetings of state agencies, disclosure of agenda, Section 11125.1, Government Code.

Mental institution patient, notification to peace officers of escape, Section 7325.5, Welfare and Institutions Code.

Mentally abnormal sex offender committed to state hospital, confidentiality of records, Section 4135, Welfare and Institutions Code.

Mentally disordered and developmentally disabled offenders, access to criminal histories of, Section 1620, Penal Code.

Mentally disordered persons, court-ordered evaluation, confidentiality of reports, Section 5202, Welfare and Institutions Code.

Mentally disordered or mentally ill person, confidentiality of written consent to detainment, Section 5326.4, Welfare and Institutions Code.

Mentally disordered or mentally ill person, voluntarily or involuntarily detained and receiving services, confidentiality of records and information, Sections 5328, 5328.01, 5328.02, 5328.05, 5328.1, 5328.15, 5328.2, 5328.3, 5328.4, 5328.5, 5328.7, 5328.8, 5328.9, and 5330, Welfare and Institutions Code.

Mentally disordered or mentally ill person, weapons restrictions, confidentiality of information about, Section 8103, Welfare and Institutions Code.

Milk marketing, confidentiality of records, Section 61443, Food and Agricultural Code.

Milk product certification, confidentiality of, Section 62121, Food and Agricultural Code.

Milk, market milk, confidential records and reports, Section 62243, Food and Agricultural Code.

Milk product registration, confidentiality of information, Section 38946, Food and Agricultural Code.

Milk equalization pool plan, confidentiality of producers' voting, Section 62716, Food and Agricultural Code.

Mining report, confidentiality of report containing information relating to mineral production, reserves, or rate of depletion of mining operation, Section 2207, Public Resources Code.

Minor, criminal proceeding testimony closed to public, Section 859.1, Penal Code.

Minority and women's business data possessed by state agencies, confidentiality of, Section 15339.30, Government Code.

Minors, material depicting sexual conduct, records of suppliers to be kept and made available to law enforcement, Section 1309.5, Labor Code.

Misdemeanor and felony reports by police chiefs and sheriffs to Department of Justice, confidentiality of, Sections 11107 and 11107.5, Penal Code.

Monetary instrument transaction records, confidentiality of, Section 14167, Penal Code.

Missing persons' information, disclosure of, Sections 14201 and 14203, Penal Code.

Morbidity and mortality studies, confidentiality of records, Section 100330, Health and Safety Code.

Motor vehicle accident reports, disclosure, Sections 16005, 20012, and 20014, Vehicle Code.

Motor vehicles, department of, public records, exceptions, Sections 1808 to 1808.7, inclusive, Vehicle Code.

Motor vehicle insurance fraud reporting, confidentiality of information acquired, Section 1874.3, Insurance Code.

Motor vehicle liability insurer, data reported to Department of Insurance, confidentiality of, Section 11628, Insurance Code.

Multijurisdictional drug law enforcement agency, closed sessions to discuss criminal investigation, Section 54957.8, Government Code.

§6276.32. Narcotic addict outpatient revocation proceeding, confidentiality of reports, Section 3152.5, Welfare and Institutions Code.

Narcotic and drug abuse patients, confidentiality of records, Section 11977, Health and Safety Code.

Native American graves, cemeteries and sacred places, records of, subdivision (r), Section 6254, Government Code.

Newspaper, radio, or television employee, nondisclosure of source of information, Section 1070, Evidence Code.

Notary public, confidentiality of application for appointment and commission, Section 8201.5, Government Code.

Nurse, alcohol or dangerous drug diversion and rehabilitation records, confidentiality of, Section 2770.12, Business and Professions Code.

Obscene matter, defense of scientific or other purpose, confidentiality of recipients, Section 311.8, Penal Code.

Occupational safety and health investigations, confidentiality of complaints and complainants, Section 6309, Labor Code.

Occupational safety and health investigations, confidentiality of trade secrets, Section 6322, Labor Code.

Official information acquired in confidence by public employee, disclosure of, Sections 1040 and 1041, Evidence Code.

Oil and gas, confidentiality of proposals for the drilling of a well, Section 3724.4, Public Resources Code.

Oil and gas, disclosure of onshore and offshore exploratory well records, Section 3234, Public Resources Code.

Oil and gas, disclosure of well records, Section 3752, Public Resources Code.

Oil and gas leases, surveys for permits, confidentiality of information, Section 6826, Public Resources Code.

Oil spill feepayer information, prohibition against disclosure, Section 46751, Revenue and Taxation Code.

Older adults receiving county services, providing information between county agencies, confidentiality of, Section 9401, Welfare and Institutions Code.

Organic food certification organization records, release of, Section 110845, Health and Safety Code, and Section 46009, Food and Agricultural Code.

Osteopathic physician and surgeon, rehabilitation and diversion records, confidentiality of, Section 2369, Business and Professions Code.

§6276.34. Parole revocation proceedings, confidentiality of information in reports, Section 3063.5, Penal Code.

Passenger fishing boat licenses, records, Section 7923, Fish and

Game Code.

Paternity, acknowledgement, confidentiality of records, Section 102760, Health and Safety Code.

Patient-physician confidential communication, Sections 992 and 994, Evidence Code.

Patient records, confidentiality of, Section 123135, Health and Safety Code.

Payment instrument licensee records, inspection of, Section 33206, Financial Code.

Payroll records, confidentiality of, Section 1776, Labor Code.

Peace officer personnel records, confidentiality of, Sections 832.7 and 832.8, Penal Code.

Penitential communication between penitent and clergy, Sections 1032 and 1033, Evidence Code.

Personal Income Tax, disclosure of information, Article 2 (commencing with Section 19542), Chapter 7, Part 10.2, Division 2, Revenue and Taxation Code.

Personal information, information practices act, prohibitions against disclosure by state agencies, Sections 1798.24 and 1798.75, Civil Code.

Personal information, subpoena of records containing, Section 1985.4, Code of Civil Procedure.

Personal representative, confidentiality of personal representative's birth date and driver's license number, Section 8404, Probate Code.

Personnel Administration, Department of, confidentiality of pay data furnished to, Section 19826.5, Government Code.

Petition signatures, Section 18650, Elections Code.

Petroleum supply and pricing, confidential information, Sections 25364 and 25366, Public Resources Code.

Pharmacist, alcohol or dangerous drug diversion and rehabilitation records, confidentiality of, Section 4436, Business and Professions Code.

Physical therapist or assistant, records of dangerous drug or alcohol diversion and rehabilitation, confidentiality of, Section 2667, Business and Professions Code.

Physical or mental condition or conviction of controlled substance offense, records in Department of Motor Vehicles, confidentiality of, Section 1808.5, Vehicle Code.

Physician and surgeon, rehabilitation and diversion records, confidentiality of, Section 2355, Business and Professions Code.

Physician assistant, alcohol or dangerous drug diversion and rehabilitation records, confidentiality of, Section 3534.7, Business and Professions Code.

Physician competency examination, confidentiality of reports, Section 2294, Business and Professions Code.

Physicians and surgeons, confidentiality of reports of patients with a lapse of consciousness disorder, Section 103900, Health and Safety Code.

Physician Services Account, confidentiality of patient names in claims, Section 16956, Welfare and Institutions Code.

Podiatrist, alcohol or drug diversion and rehabilitation records, confidentiality of, Section 2497.1, Business and Professions Code.

Pollution Control Financing Authority, financial data submitted to, subdivision (o), Section 6254, Government Code.

Postmortem or autopsy photos, Section 129, Code of Civil

Procedure.

§6276.36. Pregnancy tests by local public health agencies, confidentiality of, Section 123380, Health and Safety Code.

Pregnant women, confidentiality of blood tests, Section 125105, Health and Safety Code.

Prehospital emergency medical care, release of information, Sections 1797.188 and 1797.189, Health and Safety Code.

Prenatal syphilis tests, confidentiality of, Section 120705, Health and Safety Code.

Presiding Officer, Section 11430.40, Government Code.

Prisoners, behavioral research on, confidential personal information, Section 3515, Penal Code.

Prisoners, confidentiality of blood tests, Section 7530, Penal Code.

Prisoners, medical testing, confidentiality of records, Sections 7517 and 7540, Penal Code.

Prisoners, transfer from county facility for mental treatment and evaluation, confidentiality of written reasons, Section 4011.6, Penal Code.

Private industry wage data collected by public entity, confidentiality of, Section 6254.6, Government Code.

Private railroad car tax, confidentiality of information, Section 11655, Revenue and Taxation Code.

Probate referee, disclosure of materials, Section 8908, Probate Code.

Probation officer reports, inspection of, Section 1203.05, Penal Code.

Produce dealer, confidentiality of financial statements, Section 56254, Food and Agricultural Code.

Products liability insurers, transmission of information, Sections 1857.7 and 1857.9, Insurance Code.

Professional corporations, financial statements, confidentiality of, Section 13406, Corporations Code.

Property on loan to museum, notice of intent to preserve an interest in, not subject to disclosure, Section 1899.5, Civil Code.

Property taxation, confidentiality of change of ownership, Section 481, Revenue and Taxation Code.

Property taxation, confidentiality of property information, Section 15641, Government Code and Section 833, Revenue and Taxation Code.

Proprietary information, availability only to the director and other persons authorized by the operator and the owner, Section 2778, Public Resources Code.

Psychologist and client, confidential relations and communications, Section 2918, Business and Professions Code.

Psychotherapist-patient confidential communication, Sections 1012 and 1014, Evidence Code.

Public employees' home addresses and telephone numbers, confidentiality of, Section 6254.3, Government Code.

Public Employees' Retirement System, confidentiality of data filed by member or beneficiary with board of administration, Section 20134, Government Code.

Public school employees organization, confidentiality of proof of majority support submitted to Public Employment Relations Board, Sections 3544, 3544.1, and 3544.5, Government Code.

Public social services, confidentiality of digest of decisions.

Section 10964, Welfare and Institutions Code.
Public social services, confidentiality of information regarding child abuse or elder or dependent persons abuse, Section 10850.1, Welfare and Institutions Code.
Public social services, confidentiality of information regarding eligibility, Section 10850.2, Welfare and Institutions Code.
Public social services, confidentiality of records, Section 10850, Welfare and Institutions Code.
Public social services, disclosure of information to law enforcement agencies, Section 10850.3, Welfare and Institutions Code.
Public social services, disclosure of information to law enforcement agencies regarding deceased applicant or recipient, Section 10850.7, Welfare and Institutions Code.
Public utilities, confidentiality of information, Section 583, Public Utilities Code.
Pupil, confidentiality of personal information, Section 45345, Education Code.
Pupil drug and alcohol use questionnaires, confidentiality of, Section 11605, Health and Safety Code.
Pupil, expulsion hearing, disclosure of testimony of witness and closed session of district board, Section 48918, Education Code.
Pupil, personal information disclosed to school counselor, confidentiality of, Section 49602, Education Code.
Pupil record contents, records of administrative hearing to change contents, confidentiality of, Section 49070, Education Code.
Pupil records, access authorized for specified parties, Section 49076, Education Code.
Pupil records, disclosure in hearing to dismiss or suspend school employee, Section 44944.1, Education Code.
Pupil records, release of directory information to private entities, Sections 49073 and 49073.5, Education Code.

§6276.38. Radioactive materials, dissemination of information about transportation of, Section 33002, Vehicle Code.
Real estate broker, annual report to Department of Real Estate of financial information, confidentiality of, Section 10232.2, Business and Professions Code.
Real property, acquisition by state or local government, information relating to feasibility, subdivision (h), Section 6254, Government Code.
Real property, change in ownership statement, confidentiality of, Section 27280, Government Code.
Reciprocal agreements with adjoining states, Section 391, Fish and Game Code.
Records of contract purchasers, inspection by public prohibited, Section 85, Military and Veterans Code.
Registered public obligations, inspection of records of security interests in, Section 5060, Government Code.
Registration of exempt vehicles, nondisclosure of name of person involved in alleged violation, Section 5003, Vehicle Code.
Rehabilitation, Department of, confidential information, Section 19016, Welfare and Institutions Code.
Reinsurance intermediary-broker license information, confidentiality of, Section 1781.3, Insurance Code.
Rent control ordinance, confidentiality of information concerning accommodations sought to be withdrawn from, Section 7060.4,

Government Code.

Report of probation officer, inspection, copies, Section 1203.05, Penal Code.

Repossession agency licensee application, confidentiality of information, Sections 7503, 7504, and 7506.5, Business and Professions Code.

Residence address in any record of Department of Housing and Community Development, confidentiality of, Section 6254.1, Government Code.

Residence address in any record of Department of Motor Vehicles, confidentiality of, Section 6254.1, Government Code, and Section 1808.21, Vehicle Code.

Residence and mailing addresses in records of Department of Motor Vehicles, confidentiality of, Section 1810.7, Vehicle Code.

Residential care facilities, confidentiality of resident information, Section 1568.08, Health and Safety Code.

Residential care facilities for the elderly, confidentiality of client information, Section 1569.315, Health and Safety Code.

Respiratory care practitioner, professional competency examination reports, confidentiality of, Section 3756, Business and Professions Code.

Restraint of trade, civil action by district attorney, confidential memorandum, Section 16750, Business and Professions Code.

Reward by governor for information leading to arrest and conviction, confidentiality of person supplying information, Section 1547, Penal Code.

§6276.40. Sales and use tax, disclosure of information, Section 7056, Revenue and Taxation Code.

Savings association employees, disclosure of criminal history information, Sections 6525 and 8012, Financial Code.

Savings associations, inspection of records by shareholders, Section 6050, Financial Code.

School district governing board, disciplinary action, disclosure of pupil information, Section 35146, Education Code.

School employee, merit system examination records, confidentiality of, Section 45274, Education Code.

School employee, notice and reasons for hearing on nonreemployment of employee, confidentiality of, Sections 44948.5 and 44949, Education Code.

School meals for needy pupils, confidentiality of records, Section 49558, Education Code.

Sealed records, arrest for misdemeanor, Section 851.7, Penal Code.

Sealed records, misdemeanor convictions, Section 1203.45, Penal Code.

Sealing and destruction of arrest records, determination of innocence, Section 851.8, Penal Code.

Search warrants, special master, Section 1524, Penal Code.

Sex change, confidentiality of birth certificate, Section 103440, Health and Safety Code.

Sex offenders, registration form, Section 290, Penal Code.

Sex offenders, specimen and other information, unauthorized disclosure, Section 290.2, Penal Code.

Sexual assault forms, confidentiality of, Section 13823.5, Penal Code.

Sexual assault victim counselor and victim, confidential communication, Sections 1035.2, 1035.4, and 1035.8, Evidence Code.

Shorthand reporter's complaint, Section 8010, Business and Professions Code.

Small business information compiled by state agencies, confidentiality of, Section 15331.2, Government Code.

Small family day care homes, identifying information, Section 1596.86, Health and Safety Code.

Social security number, applicant for driver's license or identification card, disclosure of, Section 1653.5, Vehicle Code.

§6276.42. State agency activities relating to unrepresented employees, subdivision (p) of Section 6254, Government Code.

State agency activities relating to providers of health care, subdivision (a) of Section 6254, Government Code.

State Auditor, access to barred records, Section 8545.2, Government Code.

State Auditor, confidentiality of records, Sections 8545, 8545.1, and 8545.3, Government Code.

State civil service employee, confidentiality of appeal to state personnel board, Section 18952, Government Code.

State civil service employees, confidentiality of reports, Section 18573, Government Code.

State civil service examination, confidentiality of application and examination materials, Section 18934, Government Code.

State Contract Act, bids, questionnaires and financial statements, Section 10165, Public Contract Code.

State Contract Act, bids, sealing, opening and reading bids, Section 10304, Public Contract Code.

State Energy Resources Conservation and Development Commission, confidentiality of proprietary information submitted to, Sections 25223 and 25321, Public Resources Code.

State hospital patients, information and records in possession of Superintendent of Public Instruction, confidentiality of, Section 56863, Education Code.

State information security officer, implementation of confidentiality policies, Section 11771, Government Code.

State Long-Term Care Ombudsman, access to government agency records, Section 9723, Welfare and Institutions Code.

State Long-Term Care Ombudsman office, confidentiality of records and files, Section 9725, Welfare and Institutions Code.

State Long-Term Care Ombudsman office, disclosure of information or communications, Section 9715, Welfare and Institutions Code.

State Lottery Evaluation Report, disclosure, Section 8880.46, Government Code.

State summary criminal history information, confidentiality of information, Sections 11105, 11105.1, 11105.3, and 11105.4, Penal Code.

Sterilization of disabled, confidentiality of evaluation report, Section 1955, Probate Code.

Strawberry marketing information, confidentiality of, Section 63124, Food and Agricultural Code.

Structural pest control licensee records relating to pesticide use, confidentiality of, Section 15205, Food and Agricultural Code.

Student driver, records of physical or mental condition, confidentiality of, Section 12661, Vehicle Code.

Student, community college, information received by school counselor, confidentiality of, Section 72621, Education Code.

Student, community college, records, limitations on release, Section 76243, Education Code.

Student, community college, record contents, records of administrative hearing to change contents, confidentiality of, Section 76232, Education Code.

Student, sexual assault on private higher education institution campus, confidentiality of information, Section 94385, Education Code.

Student, sexual assault on public college or university, confidentiality of information, Section 67385, Education Code.

Student in public college or university, record of disciplinary action for sexual assault or physical abuse, access by alleged victim, Section 67134, Education Code.

Student, release of directory information by public college or university, Section 67140, Education Code.

Sturgeon egg processors, records, Section 10004, Fish and Game Code.

§6276.44. Taxpayer information, confidentiality, local taxes, subdivision (i), Section 6254, Government Code.

Tax preparer, disclosure of information obtained in business of preparing tax returns, Section 17530.5, Business and Professions Code.

Teacher, credential holder or applicant, information provided to Commission on Teacher Credentialing, confidentiality of, Section 44341, Education Code.

Teacher, certified school personnel examination results, confidentiality of, Section 44289, Education Code.

Teacher, information filed with Teachers' Retirement Board, confidentiality of, Section 22221, Education Code.

Telephone answering service customer list, trade secret, Section 16606, Business and Professions Code.

Timber yield tax, disclosure to county assessor, Section 38706, Revenue and Taxation Code.

Timber yield tax, disclosure of information, Section 38705, Revenue and Taxation Code.

Title insurers, confidentiality of notice of noncompliance, Section 12414.14, Insurance Code.

Tow truck driver, information in records of California Highway Patrol, Department of Motor Vehicles, or other agencies, confidentiality of, Sections 2431 and 2432.3, Vehicle Code.

Toxic substances, Department of, inspection of records of, Section 25152.5, Health and Safety Code.

Trade secrets, Section 1060, Evidence Code.

Trade secrets, confidentiality of, occupational safety and health inspections, Section 6322, Labor Code.

Trade secrets, disclosure of public records, Section 3426.7, Civil Code.

Trade secrets, food, drugs, cosmetics, nondisclosure, Sections 110165 and 110370, Health and Safety Code.

Trade secrets, protection by Director of the Department of Pesticide Regulation, Section 6254.2, Government Code.

Trade secrets and proprietary information relating to pesticides, confidentiality of, Sections 14022 and 14023, Food and Agricultural

Code.

Trade secrets, protection by Director of Industrial Relations, Section 6396, Labor Code.

Trade secrets relating to hazardous substances, disclosure of, Sections 25358.2 and 25358.7, Health and Safety Code.

Traffic violator school licensee records, confidentiality of, Section 11212, Vehicle Code.

Traffic offense, dismissed for participation in driving school or program, record of, confidentiality of, Section 1808.7, Vehicle Code.

Transit districts, questionnaire and financial statement information in bids, Section 99154, Public Utilities Code.

Trust companies, disclosure of private trust confidential information, Section 1582, Financial Code.

§6276.46. Unclaimed property, Controller records of, disclosure, Section 1582, Code of Civil Procedure.

Unemployment compensation, disclosure of confidential information, Section 2111, Unemployment Insurance Code.

Unemployment compensation, information obtained in administration of code, Section 1094, Unemployment Insurance Code.

Unemployment compensation, purposes for which use of information may be authorized, Section 1095, Unemployment Insurance Code.

Unemployment fund contributions, publication of annual tax rate, Section 989, Unemployment Insurance Code.

Unsafe working condition, confidentiality of complainant, Section 6309, Labor Code.

Use fuel tax information, disclosure prohibited, Section 9255, Revenue and Taxation Code.

Utility systems development, confidential information, subdivision (e), Section 6254, Government Code.

Vehicle registration, financial responsibility verification study, confidentiality of information, Sections 4750.2 and 4750.4, Vehicle Code.

Vehicle accident reports, disclosure of, Sections 16005, 20012, and 20014, Vehicle Code and Section 27177, Streets and Highways Code.

Vehicular offense, record of, confidentiality five years after conviction, Section 1807.5, Vehicle Code.

Veterans Affairs, Department of, confidentiality of records of contract purchasers, Section 85, Military and Veterans Code.

Veterinarian or animal health technician, alcohol or dangerous drugs diversion and rehabilitation records, confidentiality of, Section 4871, Business and Professions Code.

Victim, statements at sentencing, Section 1191.15, Penal Code.

Victims' Legal Resource Center, confidentiality of information and records retained, Section 13897.2, Penal Code.

Voter, registration by confidential affidavit, Section 2194, Elections Code.

Voter registration card, confidentiality of information contained in, Section 6254.4, Government Code.

Voting, secrecy, Section 1050, Evidence Code.

Wards and dependent children, inspection of juvenile court documents, Section 827, Welfare and Institutions Code.

§6276.48. Wards and dependent children, release of description information about minor escapees, Section 828, Welfare and Institutions Code.

Wards, petition for sealing records, Section 781, Welfare and Institutions Code.

Welfare, statewide automated system work plan, confidentiality of data on individuals, Section 10818, Welfare and Institutions Code.

Wills, confidentiality of, Section 6389, Probate Code.

Winegrowers of California commission, confidentiality of producers' or vintners' proprietary information, Sections 74655 and 74955, Food and Agricultural Code.

Workers' Compensation Appeals Board, injury or illness report, confidentiality of, Section 6412, Labor Code.

Workers' compensation insurance, dividend payment to policyholder, confidentiality of information, Section 11739, Insurance Code.

Workers' compensation insurance fraud reporting, confidentiality of information, Sections 1877.3 and 1877.4, Insurance Code.

Workers' compensation insurer or rating organization, confidentiality of notice of noncompliance, Section 11754, Insurance Code.

Workers' compensation insurer, rating information, confidentiality of, Section 11752.7, Insurance Code.

Workers' compensation, notice to correct noncompliance, Section 11754, Insurance Code.

Workers' compensation, release of information to other governmental agencies, Section 11752.5, Insurance Code.

Workers' compensation, self-insured employers, confidentiality of financial information, Section 3742, Labor Code.

Workplace inspection photographs, confidentiality of, Section 6314, Labor Code.

Youth Authority, parole revocation proceedings, confidentiality of, Section 1767.6, Welfare and Institutions Code.

Youth Authority, release of information in possession of Youth Authority for offenses under Sections 676, 1764.1, and 1764.2, Welfare and Institutions Code.

Youth Authority, records, policies, and procedures, Section 1905, Welfare and Institutions Code.

Youth Authority, records, disclosure, Section 1764, Welfare and Institutions Code.

Youth Authority parolee, disclosure of personal information in revocation proceedings, Section 1767.6, Welfare and Institutions Code.

Youth service bureau, confidentiality of client records, Section 1905, Welfare and Institutions Code.

(Added by Stats. 1998, Ch. 620, (SB 143, Kopp)).

CHAPTER 5. JOINT EXERCISE OF POWERS

Article 1. Joint Powers Agreements

§6522. Notwithstanding any other provision of this chapter, any state department or agency entering into a joint powers agreement with a federal, county, or city government or agency or public district in order to create a joint powers agency, shall ensure that the participation goals specified in Section 16850 and Section 10115 of the Public Contract Code and in Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code become a part of the agreement, and shall apply to contracts executed by the joint powers agency.

(Added by Stats.1990, Ch. 1214 (A.B.2606), § 1.)

CHAPTER 12.8. ENTERPRISE ZONE ACT

§7070. This chapter shall be known and may be cited as the Enterprise Zone Act.
(Added by Stats.1996, Ch. 953 (A.B.296) § 2; Stats.1996, Ch. 955 (S.B.2023), §2.)

§7071. The Legislature finds and declares as follows:

(a) The health, safety, and welfare of the people of California depend upon the development, stability, and expansion of private business, industry, and commerce, and there are certain areas within the state that are economically depressed due to a lack of investment in the private sector. Therefore, it is declared to be the purpose of this chapter to stimulate business and industrial growth in the depressed areas of the state by relaxing regulatory controls that impede private investment.

(b) It is in the economic interest of the state to have one strong, combined, and business-friendly incentive program to help attract business and industry to the state, to help retain and expand existing state business and industry, and to create increased job opportunities for all Californians.

(c) No enterprise zone shall be designated in which any boundary thereof is drawn in a manner so as to include larger stable businesses or heavily residential areas to the detriment of areas that are truly economically depressed.

(d) Nothing in this chapter shall be construed to infringe upon regulations relating to the civil rights, equal employment rights, equal opportunity rights, or fair housing rights of any person.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2.)

§7072. For purposes of this chapter, the following definitions shall apply:

(a) "Agency" means the Trade and Commerce Agency.

(b) "Date of original designation" means the earlier of the following:

(1) The date the eligible area receives designation as an enterprise zone by the agency pursuant to this chapter.

(2) In the case of an enterprise zone deemed designated pursuant to subdivision (e) of Section 7073, the date the enterprise zone or program area received original designation by the agency pursuant to Chapter 12.8 (commencing with Section 7070) or Chapter 12.9 (commencing with Section 7080), as those chapters read prior to January 1, 1997.

(c) "Eligible area" means either of the following:

(1) An area designated as an enterprise zone pursuant to Chapter 12.8 (commencing with Section 7070), as it read prior to January 1, 1997, or as a targeted economic development area, neighborhood development area, or program area pursuant to Chapter 12.9 (commencing with Section 7080), as it read prior to January 1, 1997.

(1) A geographic area that, based upon the determination of the agency, fulfills at least one of the following:

(A) The proposed geographic area meets the Urban Development Action Grant criteria of the United States Department of Housing and Urban Development.

(B) The area within the proposed zone has experienced plant closures within the past two years affecting more than 100 workers.

(C) The city or county has submitted material to the agency for a finding that the proposed geographic area meets criteria of economic distress related to those used in determining eligibility under the Urban Development Action Grant Program and is therefore an eligible area.

(D) The area within the proposed zone has a history of gang-related activity, whether or not crimes of violence have been committed.

(d) "Enterprise zone" means any area within a city, county, or city and county that is designated as such by the agency in accordance with the provisions of Section 7073.

(e) "Governing body" means a county board of supervisors or a city council, as appropriate.

(f) "High technology industries" include, but are not limited to, the computer, biological engineering, electronics, and telecommunications industries.

(g) "Resident," unless otherwise defined, means a person whose principal place of residence is within a targeted employment area.

(h) "Targeted employment area" means an area within a city, county, or city and county that is composed solely of those census tracts designated by the United States Department of Housing and Urban Development as having at least 51 percent of its residents of low- or moderate-income levels, using either the most recent United States Department of Census data available at the time of the original enterprise zone application or the most recent census data available at the time the targeted employment area is designated to determine that eligibility. The purpose of a "targeted employment area" is to encourage businesses in an enterprise zone to hire eligible residents of certain geographic areas within a city, county, or city and county. A targeted employment area may be, but is not required to be, the same as all or part of an enterprise zone. A targeted employment area's boundaries need not be contiguous. A targeted employment area does not need to encompass each eligible census tract within a city, county, or city and county. The governing body of each city, county or city and county that has jurisdiction of the enterprise zone shall identify those census tracts whose residents are in the most need of this employment targeting. Only those census tracts within the jurisdiction of the city, county, or city and county that has jurisdiction of the enterprise zone may be included in a targeted employment area.

At least a part of each eligible census tract within a targeted employment area shall be within the territorial jurisdiction of the city, county, or city and county that has jurisdiction for an enterprise zone. If an eligible census tract encompasses the territorial jurisdiction of two or more local governmental entities, all of those entities shall be a party to the designation of a targeted employment area. However, any one or more of those entities, by resolution or ordinance, may specify that it shall not participate in the application as an applicant, but shall agree to complete all actions stated within the application that apply to its jurisdiction, if the area is designated.

Each local governmental entity of each city, county, or city and county that has jurisdiction of an enterprise zone shall approve, by resolution or ordinance, the boundaries of its targeted employment area, regardless of whether a census tract within the proposed targeted employment area is outside the jurisdiction of the local governmental entity.

(Amended by Stats. 1997, Ch. 461 (A.B. 797), § 1.)

§7072.5. By April 1, 1998, a governing body that has already designated a target employment area may request, by a resolution of all cities or counties having jurisdiction over the enterprise zone, to redesignate the targeted employment area using more current census data. A targeted employment area shall be comprised of census tracts from only one decennial census.

(Added by Stats. 1997, Ch. 461 (A.B. 797), § 2.)

§7073. (a) Except as provided in subdivision (e), any city, county, or city and county with an eligible area within its jurisdiction may complete a preliminary application for designation as an enterprise zone. The applying entity shall establish definitive boundaries for the proposed enterprise zone and the targeted employment area.

(b) (1) In designating enterprise zones, the agency shall select from the applications submitted those proposed enterprise zones that, upon a comparison of all of the applications

submitted, indicate that they propose the most effective, innovative, and comprehensive regulatory, tax, program, and other incentives in attracting private sector investment in the zone proposed.

(2) For purposes of this subdivision, regulatory incentives include, but are not limited to, all of the following:

(A) The suspension or relaxation of locally originated or modified building codes, zoning laws, general development plans, or rent controls.

(B) The elimination or reduction of fees for applications, permits, and local government services.

(C) The establishment of a streamlined permit process.

(3) For purposes of this subdivision, tax incentives include, but are not limited to, the elimination or reduction of construction taxes or business license taxes.

(4) For the purposes of this subdivision, program and other incentives may include, but are not limited to, all of the following:

(A) The provision or expansion of infrastructure.

(B) The targeting of federal block grant moneys, including small cities, education, and health and welfare block grants.

(C) The targeting of economic development grants and loan moneys, including grant and loan moneys provided by the federal Urban Development Action Grant program and the federal Economic Development Administration.

(D) The targeting of state and federal job disadvantaged and vocational education grant moneys, including moneys provided by the federal Job Training Partnership Act of 1982 (P.L. 97-300).

(E) The targeting of federal or state transportation grant moneys.

(F) The targeting of federal or state low-income housing and rental assistance moneys.

(G) The use of tax allocation bonds, special assessment bonds, bonds under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2), industrial development bonds, revenue bonds, private activity bonds, housing bonds, bonds issued pursuant to the Marks-Ross Local Bond Pooling Act of 1985 Article 4 (commencing with Section 6584) of Chapter 5), certificates of participation, hospital bonds, redevelopment bonds, and school bonds, and including all special provisions provided for under federal tax law for enterprise community or empowerment zone bonds.

(5) In the process of designating new enterprise zones, the agency shall take into consideration the location of existing zones and make every effort to locate new zones in a manner that will not adversely affect any existing zones.

(6) In designating new enterprise zones, the agency shall include in its criteria the fact that jurisdictions have been declared disaster areas by the President of the United States within the last seven years.

(c) In evaluating applications for designation, the agency shall ensure that applications are not disqualified solely because of technical deficiencies, and shall provide applicants with an opportunity to correct the deficiencies. Applications shall be disqualified if the deficiencies are not corrected within two weeks.

(d) (1) Except as provided in paragraph (2), or upon dedesignation pursuant to subdivision (c) of Section 7076.1 or Section 7076.2, designation made by the agency shall be binding for a period of 15 years from the date of the original designation.

(2) The designation period for any zone designated pursuant to either Section 7073 or 7085 prior to 1990 may total 20 years, subject to possible dedesignation pursuant to subdivision (c) of Section 7076.1 or Section 7076.2, if:

(A) The zone receives a superior or passing audit pursuant to subdivision (c) of Section 7076.1.

(B) The local jurisdictions comprising the zone submit an updated economic development plan to the agency justifying the need for an additional five years by defining goals and objectives that still need to be achieved and indicating what actions are to be taken to achieve these goals and objectives.

(e) (1) Notwithstanding any other provision of law, any area designated as an enterprise zone pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, or as a targeted economic development area, neighborhood economic development area, or program area pursuant to Chapter 12.9 (commencing with Section 7080) as it read prior to January 1, 1997, or any program area or part of a program area deemed designated as an enterprise zone pursuant to Section 7085.5 as it read prior to January 1, 1997, shall be deemed to be designated as an enterprise zone pursuant to this chapter. The effective date of designation of the enterprise zone shall be that of the original designation of the enterprise zone pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, or of the program area pursuant to Chapter 12.9 (commencing with Section 7080) as it read prior to January 1, 1997, and in no event shall the total designation period exceed 15 years, except as provided in paragraph (2) of subdivision (d).

(2) Notwithstanding any other provision of law, any enterprise zone authorized, but not designated, pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, shall be allowed to complete the application process started pursuant to that chapter, and to receive final designation as an enterprise zone pursuant to this chapter.

(3) Notwithstanding any other provision of law, any expansion of a designated enterprise zone or program area authorized pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, or Chapter 12.9 (commencing with Section 7080) as it read prior to January 1, 1997, shall be deemed to be authorized as an expansion for a designated enterprise zone pursuant to this chapter.

(4) No part of this chapter shall be construed to require a new application for designation by an enterprise zone designated pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, or a targeted economic development area, neighborhood economic development area, or program area designated pursuant to Chapter 12.9 (commencing with Section 7080) as it read prior to January 1, 1997.

(f) No more than 39 enterprise zones shall be designated at any one time pursuant to this chapter, including those deemed designated pursuant to subdivision (e). Upon the expiration or termination of a designation, the agency is authorized to designate another enterprise zone to maintain a total of 39 enterprise zones.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2. ; Amended by Stats. 1998, Ch. 323 (AB 2798) effective August 20, 1998.)

§7074. (a) In the case of any enterprise zone, including an enterprise zone formerly designated as an enterprise zone pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, or as a program area pursuant to Chapter 12.9 (commencing with Section 7080) as it read prior to January 1, 1997, a city or county, or city and county may propose that the enterprise zone be expanded by 15 percent to include definitive boundaries that are contiguous to the enterprise zone. The agency may approve that expansion based upon the criterion specified in subdivision (b) of Section 7073.

(b) An enterprise zone that is located in the unincorporated area of a county may propose to use eligible expansion allotment to expand into an adjacent city or cities pursuant to this section if, in addition to approving the expansion based on the criterion described in subdivision (b) of Section 7073, the agency finds that all of the following conditions exist:

(1) Each of the cities' governing bodies approves the expansion by adoption of an ordinance or resolution.

(2) Land included within the proposed expansion is zoned for industrial or commercial use.

(3) Basic infrastructure, including, but not limited to, gas, water, electrical service, and sewer systems, is available to the area that would be included in the expansion.

(c) (1) Except as otherwise provided in paragraph (2), in no event shall an enterprise zone be permitted to expand more than 15 percent in size from its size on the date of original designation, including any expansion authorized pursuant to Chapter 12.8 (commencing with Section 7070), or Chapter 12.9 (commencing with Section 7080), as those chapters read prior to January 1, 1997.

(2) If an enterprise zone, on the date of original designation, is no greater than 13 square miles, it may be permitted to expand up to 20 percent in size from its size on the date of original designation.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2.; Amended by Stats. 1998, Ch. 323 (AB 2798) effective August 20, 1998.)

§7505. (a) Upon filing a preliminary application, the applicant, as lead agency, shall submit an initial study and a notice of preparation to the agency, the state clearinghouse, and all responsible agencies.

(b) Only a city, county, or city and county chosen by the agency as a final applicant shall prepare, or cause to be prepared, a draft environmental impact report, which shall set forth the potential environmental impacts of any and all development planned within the enterprise zone. The draft environmental impact report shall be submitted to the agency with the final application.

(c) Prior to final designation by the agency, the applicant shall complete and certify the final environmental impact report.

(d) The environmental impact report shall comply with the information disclosure provisions and the substantive requirements of Division 13 (commencing with Section 21000) of the Public Resources Code.

(e) No further environmental impact report shall be required if the effects of the project were any of the following:

(1) Mitigated or avoided as a result of the environmental impact report prepared for the area.

(2) Examined at a sufficient level of detail in the environmental impact report for the area to enable those effects to be mitigated or avoided by specific site revisions, the imposition of conditions, or other means in connection with the designation of the area.

(3) Identified in the final environmental impact report and the lead agency made written findings that specific economic, social, or other considerations made the mitigation measures or project alternatives identified in the final environmental impact report unfeasible.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2.)

§7076. (a) (1) The agency shall provide technical assistance to the enterprise zones designated pursuant to this chapter with respect to all of the following activities:

(A) Furnish limited onsite assistance to the enterprise zones when appropriate.

(B) Ensure that the locality has developed a method to make residents, businesses, and neighborhood organizations aware of the opportunities to participate in the program.

(C) Help the locality develop a marketing program for the enterprise zone.

(D) Coordinate activities of other state agencies regarding the enterprise zones.

(E) Monitor the progress of the program.

(F) Help businesses to participate in the program.

(2) Notwithstanding existing law, the provision of services in subparagraphs (A) to (F), inclusive, shall be a high priority of the agency.

(3) The agency may, at its discretion, undertake other activities in providing management and technical assistance for successful implementation of this chapter.

(b) The applicant shall be required to begin implementation of the enterprise zone plan contained in the final application within six months after notification of final designation or the enterprise zone shall lose its designation.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2.)

§7077. Notwithstanding any other provision of law, state and local agencies may lease land to businesses in a designated enterprise zone at a price below fair market value, provided that it serves a public purpose to lease at below fair market value.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2.)

§7078 (a) The limitations in Section 91503 on the allowable uses of proceeds of bonds issued pursuant to Title 10 (commencing with Section 91500) shall not apply to bonds issued on behalf of any enterprise zone or any portion of that zone.

b) (1) Notwithstanding the bonding limitation specified in Section 91573, the California Industrial Development Financing Advisory Commission shall authorize an annual maximum amount of qualifying bonds of seventy-five million dollars (\$75,000,000). This annual maximum bonding authority is exclusive of, and in addition to, the maximum bonding authority specified in Section 91573.

(2) Notwithstanding Section 91503, the bonding authorization contained in paragraph (1) shall be used for providing funds to businesses within designated enterprise zones. However, any portion of the annual maximum amount specified in paragraph (1) that in any year is not used for the purpose specified in this paragraph may be used in the next succeeding year for the purpose of any program administered by the California Industrial Development Financing Advisory Commission.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2.)

§7079. Notwithstanding any other provision of law, the Office of Small Business shall establish regulations for loans and loan guarantees administered by the office that give high priority to businesses in a designated enterprise zone.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2.)

§7080. Notwithstanding Sections 32646 and 32647 of the Financial Code, a high priority in ranking loan applications by the State Assistance Fund for Energy, California Business and Development Corporation, shall be given to businesses in a designated enterprise zone, that are purchasing or providing alternative energy systems.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2.)

§7081. Notwithstanding any other provision of state law, and to the extent permitted by federal law, the Employment Development Department and the State Department of Education shall give high priority to the training of unemployed individuals who reside in a targeted employment area or a designated enterprise zone. The agency may assist localities in designating local business, labor, and education consortia to broker activities between the employment community and educational and training institutions. Any available discretionary funds may be used to assist the creation of those consortia.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2.)

§7082. Notwithstanding any other provision of law, the Office of Criminal Justice Planning shall give high priority to designated enterprise zones in the allocation of its program resources.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2.)

§7083. Any designation of an enterprise zone in accordance with the provisions of this chapter shall be deemed appropriate state designation of an enterprise zone for purposes of qualifying that zone as an enterprise community or empowerment zone under federal law.

(Added by Stats.1996, Ch. 953 (A.B.296), §2; Stats.1996, Ch. 955 (S.B.2023), §2.)

§7084. (a) Whenever the state prepares ~~prepares~~ ~~an invitation for bid~~ a solicitation for a contract for goods in excess of one hundred thousand dollars (\$100,000), except a contract in which the worksite is fixed by the provisions of the contract, the state shall award a 5-percent preference to California-based companies that demonstrate and certify under penalty of perjury that ~~no less than 50 percent of~~ at least 50 percent of the hours required to manufacture the goods and perform the contract, at least 50 percent of the hours shall be accomplished at an identified worksite or worksites located in an enterprise zone.

(b) In evaluating proposals for contracts for services in excess of one hundred thousand dollars (\$100,000), except a contract in which the worksite is fixed by the provisions of the contract, the state shall award a 5-percent preference on the price submitted by California-based companies that demonstrate and certify under penalty of perjury that not less than 90 percent of the labor hours required to perform the contract shall be accomplished at an identified worksite or worksites located in an enterprise zone.

(c) Where a bidder complies with subdivision (a) or (b), the state shall award a 1-percent preference for bidders who ~~shall agree~~ certify under penalty of perjury to hire persons living within a targeted employment area or are enterprise zone eligible employees equal to 5 to 9 percent of its work force during the period of contract performance; a 2-percent preference for bidders who shall agree to hire persons living within a targeted employment area or are enterprise zone eligible employees equal to 10 to 14 percent of its work force during the period of contract performance; a 3-percent preference for bidders who shall agree to hire persons living within a targeted employment area or are enterprise zone eligible employees equal to 15 to 19 percent of its work force during the period of contract performance; and a 4-percent preference for bidders who shall agree to hire persons living within a targeted employment area or are enterprise zone eligible employees equal to 20 or more percent of its work force during the period of contract performance.

(d) The maximum preference a bidder may be awarded pursuant to this chapter and any other provision of law shall be 15 percent. However, in no case shall the maximum preference cost under this section exceed fifty thousand dollars (\$50,000) for any bid, nor shall the combined cost of preferences granted pursuant to this section and any other provision of law exceed one hundred thousand dollars (\$100,000). In those cases where the 15-percent cumulated preference cost would exceed the one hundred thousand dollar (\$100,000) maximum preference cost limit, the one hundred thousand dollar (\$100,000) maximum preference cost limit shall apply.

(e) Notwithstanding any other provision of this section, small business bidders qualified in accordance with Section 14838 shall have precedence over non-small business bidders in that the application of any bidder preference for which non-small business bidders may be eligible, including the preference contained in this section, shall not result in the denial of the award to a small business bidder. This subdivision shall apply to those cases where the small business bidder is the lowest responsible bidder, as well as to those cases where the small business bidder is eligible for award as the result of application of the 5-percent small business bidder ~~preference~~ incentive.

(f) All state contracts issued to bidders who are awarded preferences under this section shall contain conditions to ensure that the contractor performs the contract at the location specified and meets any commitment to employ persons with high risk of unemployment.

(g) (1) A business that requests and is given the preference provided for in *subdivision (a) or (b)* by reason of having furnished a false certification, and that by reason of this certification has been awarded a contract to which it would not otherwise have been entitled, shall be subject to all of the following:

(A) Pay to the state any difference between the contract amount and what the state's cost would have been if the contract had been properly awarded.

(B) In addition to the amount specified in subparagraph (A), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract involved.

(C) Be ineligible to directly or indirectly transact any business with the state for a period of not less than three months and not more than 24 months.

(2) Prior to the imposition of any sanction under this subdivision, the business shall be entitled to a public hearing and to five days' notice of the time and place thereof. The notice shall state the reasons for the hearing.

(h) In each instance in this section an enterprise zone shall also mean any enterprise zone or program area previously authorized under any other provision of state law.

(i) As used in this section, "enterprise zone eligible employees" means employees who meet any of the requirements of clause (iv) of subparagraph (A) of paragraph (4) of subdivision (b) of Section 17053.74, or clause (iv) of subparagraph (A) of paragraph (4) of subdivision (b) of Section 23622.5 of the Revenue and Taxation Code.

(Amended by Stats. 1998, Ch.1030, (AB 835, Wright) SEC. 8).

§7085. (a) The agency shall submit a report to the Legislature every five years beginning January 1, 1998, that evaluates the effect of the program on employment, investment, and incomes, and on state and local tax revenues in designated enterprise zones. The report shall include an agency review of the progress and effectiveness of each enterprise zone. The

Franchise Tax Board shall make available to the agency and the Legislature aggregate information on the dollar value of enterprise zone tax credits that are claimed each year by businesses.

(b) An enterprise zone governing body shall provide information at the request of the agency as necessary for the agency to prepare the report required pursuant to subdivision (a). (Amended by Stats. 1997, Ch. 461 (A.B. 797), § 4.)

§7085.5. The Franchise Tax Board shall annually make available to the agency and the Legislature information, by enterprise zone and by city or county, on the dollar value of the enterprise zone tax credits that are claimed each year by businesses and shall design and distribute forms and instructions that will allow the following information to be accessible:

- (a) The number of jobs for which the hiring credits are claimed.
- (b) The number of new employees for which hiring credits are claimed.
- (c) The number of businesses claiming each individual tax credit.
- (d) The nature of the business claiming each individual tax credit.
- (e) The distribution of zone tax incentives among industry groups.
- (f) The distribution of zone tax incentives by the annual receipts and asset value of the business claiming each individual tax credit.

(g) Any other information that the Franchise Tax Board and the agency deem to be important in determining the cost to, and benefit derived by, the taxpayers of the state. (Added by Stats. 1997, Ch. 461 (A.B. 797), § 5.)

§7086. (a) The agency shall design, develop, and make available the applications and the criteria for selection of enterprise zones pursuant to Section 7073, and shall adopt all regulations necessary to carry out this chapter.

(b) The agency shall adopt regulations concerning the designation procedures and application process as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2. The adoption of the regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare, notwithstanding subdivision (e) of Section 11346.1. Notwithstanding subdivision (e) of Section 11346.1, the regulations shall not remain in effect more than 180 days unless the agency complies with all provisions of Chapter 3.5 as required by subdivision (e) of Section 11346.1.

(c) The Department of General Services, with the cooperation of the Employment Development Department, the Department of Industrial Relations, and the Office of Planning and Research, and under the direction of the State and Consumer Services Agency, shall adopt appropriate rules, regulations, and guidelines to implement Section 7084. (Added by Stats. 1996, Ch. 953 (A.B. 296), §2; Stats. 1996, Ch. 955 (S.B. 2023), §2.)

CHAPTER 12.97
LOCAL AGENCY MILITARY BASE RECOVERY AREA ACT (LAMBRA)

§7118. (a) Whenever the state prepares an invitation for bid for a contract for goods in excess of one hundred thousand dollars (\$100,000), except a contract in which the worksite is fixed by the provisions of the contract, the state shall award a 5-percent preference to California-based companies who certify under penalty of perjury that no less than 50 percent of the labor required to perform the contract shall be accomplished at a worksite or worksites located in a local agency military base recovery area.

(b) In evaluating proposals for contracts for services in excess of one hundred thousand dollars (\$100,000), except a contract in which the worksite is fixed by the provisions of the contract, the state shall award a 5-percent preference on the price submitted by California-based companies who certify under penalty of perjury that they shall perform the contract at a worksite or worksites located in a local agency military base recovery area.

(c) Where a bidder complies with subdivision (a) or (b), the state shall award a 1-percent preference for bidders who shall agree to hire persons living within a local agency military base recovery area equal to 5 to 9 percent of its work force during the period of contract performance; a 2-percent preference for bidders who shall agree to hire persons living within a local agency military base recovery area equal to 10 to 14 percent of its work force during the period of contract performance; a 3-percent preference for bidders who shall agree to hire persons living within a local agency military base recovery area equal to 15 to 19 percent of its work force during the period of contract performance; and a 4-percent preference for bidders who shall agree to hire persons living within a local agency military base recovery area equal to 20 or more percent of its work force during the period of contract performance.

(d) The maximum preference a bidder may be awarded pursuant to this chapter and any other provision of law shall be 15 percent. However, in no case shall the maximum preference cost under this section exceed fifty thousand dollars (\$50,000) for any bid, nor shall the combined cost of preferences granted pursuant to this section and any other provision of law exceed one hundred thousand dollars (\$100,000). In those cases where the 15-percent cumulated preference cost would exceed the one hundred thousand dollar (\$100,000) maximum preference cost limit, the one hundred thousand dollar (\$100,000) maximum preference cost limit shall apply.

(e) Notwithstanding any other provision of this section, small business bidders qualified in accordance with Section 14838 shall have precedence over nonsmall business bidders in that the application of any bidder preference for which nonsmall business bidders may be eligible, including the preference contained in this section, shall not result in the denial of the award to a small business bidder. This subdivision shall apply to those cases where the small business bidder is the lowest responsible bidder, as well as to those cases where the small business bidder is eligible for award as the result of application of the 5-percent small business bidder preference.

(f) All state contracts issued to bidders who are awarded preferences under this section shall contain conditions to ensure that the contractor performs the contract at the location specified and meets any commitment to employ persons with high risk of unemployment.

(g) (1) A business that requests and is given the preference provided for in subdivision (a) or (b) by reason of having furnished a false certification, and that by reason of this certification has been awarded a contract to which it would not otherwise have been entitled, shall be subject to all of the following:

(A) Pay to the state any difference between the contract amount and what the state's cost would have been if the contract had been properly awarded.

(B) In addition to the amount specified in subparagraph (A), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract involved.

(C) Be ineligible to transact any business with the state for a period of not less than three months and not more than 24 months.

(2) Prior to the imposition of any sanction under this subdivision, the business shall be entitled to a public hearing and to five days' notice of the time and place thereof. The notice shall state the reasons for the hearing.

(h) In each instance in this section, a local agency military base recovery area shall also mean any local agency military base recovery area previously authorized under any other provision of state law.

(Added by Stats. 1998, Ch. 1012 (AB 3, Baca)).

TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA
DIVISION 1. GENERAL
CHAPTER 5.5. DRUG-FREE WORKPLACE

Article 1. Definitions

§8350. This chapter shall be known, and may be cited, as the Drug-Free Workplace Act of 1990.

(Added by Stats.1990, Ch. 1170 (S.B.1120), § 1.)

§8351. As used in this chapter:

(a) "Drug-free workplace" means a site for the performance of work done in connection with a specific grant or contract described in Article 2 (commencing with Section 8355) of an entity at which employees of the entity are prohibited from engaging in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance in accordance with the requirements of this chapter.

(b) "Employee" means the employee of a grantee or contractor directly engaged in the performance of work pursuant to the grant or contract described in Article 2 (commencing with Section 8355).

(c) "Controlled substance" means a controlled substance in schedules I through V of Section 202 of the Controlled Substances Act (21 U.S.C. Sec. 812).

(d) "Grantee" means the department, division, or other unit of a person or organization responsible for the performance under the grant.

(e) "Contractor" means the department, division, or other unit of a person or organization responsible for the performance under the contract.

(Added by Stats.1990, Ch. 1170 (S.B.1120), § 1.)

Article 2. State Contractors and Grantees

§8355. Every person or organization awarded a contract or a grant for the procurement of any property or services from any state agency shall certify to the contracting or granting agency that it will provide a drug-free workplace by doing all of the following:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the person's or organization's workplace and specifying the actions that will be taken against employees for violations of the prohibition.

(b) Establishing a drug-free awareness program to inform employees about all of the following:

(1) The dangers of drug abuse in the workplace.

(2) The person's or organization's policy of maintaining a drug-free workplace.

(3) Any available drug counseling, rehabilitation, and employee assistance programs.

(4) The penalties that may be imposed upon employees for drug abuse violations.

(c) Requiring that each employee engaged in the performance of the contract or grant be given a copy of the statement required by subdivision (a) and that, as a condition of employment on the contract or grant, the employee agrees to abide by the terms of the statement.

(Added by Stats.1990, Ch. 1170 (S.B.1120), § 1.)

§8356. (a) Each contract or grant awarded by a state agency may be subject to suspension of payments under the contract or grant or termination of the contract or grant, or both, and the contractor or grantee thereunder may be subject to debarment, in accordance with the requirements of this article, if the contracting or granting agency determines that any of the following has occurred:

(1) The contractor or grantee has made a false certification under Section 8355.

(2) The contractor or grantee violates the certification by failing to carry out the requirements of subdivisions (a) to (c), inclusive, of Section 8355.

(b) The Department of General Services shall establish and maintain a list of individuals and organizations whose contracts or grants have been canceled due to failure to comply with this chapter. This list shall be updated monthly and published each month. No state agency shall award a contract or grant to a person or organization on the published list until that person or organization has complied with this chapter.

(c) Every state agency that directly awards grants without review by the Department of General Services shall immediately notify the department of any individual or organization that has an award canceled on the basis of violation of this chapter.

(Added by Stats.1990, Ch. 1170 (S.B.1120), § 1.)

§8357. This chapter shall not be construed to require any contractor or grantee to ensure that other businesses with which it subcontracts also provide drug-free workplaces.

(Added by Stats.1990, Ch. 1170 (S.B.1120), § 1.)

CHAPTER 6.5. STATE AUDITOR

Article 2. Powers and Duties

§8546.7. Notwithstanding any other provision of law, every contract involving the expenditure of public funds in excess of ten thousand dollars (\$10,000) entered into by any state agency, board, commission, or department or by any other public entity, including a city, county, city and county, or district, shall be subject to the examination and audit of the State Auditor, at the request of the public entity or as part of any audit of the public entity, for a period of three years after final payment under the contract. Every contract shall contain a provision stating that the contracting parties shall be subject to that examination and audit. The failure of a contract to contain this provision shall not preclude the State Auditor from conducting an examination and audit of the contract at the request of the public entity entering into the contract or as part of any audit of the public entity.

It is the intent of the Legislature that the Regents of the University of California include in contracts involving the expenditure of state funds in excess of ten thousand dollars (\$10,000) a provision stating that the contracting parties shall be subject to the examination and audit of the State Auditor, at the request of the regents or as part of any audit of the university, for a period of three years after final payment under the contract.

The examinations and audits under this section shall be confined to those matters connected with the performance of the contract, including, but not limited to, the costs of administering the contract.

(Added by Stats.1993, Ch. 12 (S.B.37), § 8.)

DIVISION 3. EXECUTIVE DEPARTMENT

PART 1. STATE DEPARTMENTS AND AGENCIES

CHAPTER 1. STATE AGENCIES

Article 1. General

§11005.3. Any state department, board, or commission may lease any real property for the use of the state agency for storage, warehouse, or office purposes provided that the lease term does not exceed three years and the annual rental does not exceed ~~twenty four thousand dollars~~

~~(\$24,000)~~ fifty thousand dollars (\$50,000). Prior approval to engage in any lease activity shall first be obtained from the Department of General Services and the lease agreement shall be subject to approval by the department.
(Amended by Stats. 1998, Ch. 597 (AB 2459, Campbell)).

§11010.5. (a) Where authority is vested in any state agency to contract on behalf of the state, such authority shall include the power, by mutual consent of the contracting parties, to terminate, amend, or modify any contract within the scope of such authorization heretofore or hereafter entered into by such state agency. The modification, amendment, or termination of any contract subject by law to the approval of the Department of General Services, Director of General Services, or other state agency, shall also be subject to such approval.

(b) Subdivision (a) of this section does not apply to contracts entered into pursuant to any statute expressly requiring that such contracts be let or awarded on the basis of competitive bids. Contracts required to be let or awarded on the basis of competitive bids pursuant to any such statute may be terminated, amended, or modified only if such termination, amendment, or modification is so provided in the contract or is authorized under provision of law other than this subdivision. The compensation payable if any for such amendments and modifications shall be determined as provided in the contract. The compensation payable if any in the event the contract is so terminated shall be determined as provided in the contract or applicable statutory provision providing for such termination.

(c) Contracts of state agencies may include provisions for termination for environmental considerations at the discretion of such state agencies.

(Added by Stats.1951, Ch. 1399, p. 3331, § 1. Amended by Stats.1965, Ch. 371, p. 1521, § 116; Stats.1965, Ch. 1562, p. 3652, § 1; Stats.1973, Ch. 1074, p. 2165, § 3.)

§11015.5. (a) Every state agency, including the California State University, that utilizes any method, device, identifier, or other data base application on the Internet to electronically collect personal information, as defined in subdivision (d), regarding any user shall prominently display the following at at least one anticipated initial point of communication with a potential user, to be determined by each agency, and in instances when the specified information would be collected:

(1) Notice to the user of the usage or existence of the information gathering method, device, identifier, or other data base application.

(2) Notice to the user of the type of personal information that is being collected and the purpose for which the collected information will be used.

(3) Notice to the user of the length of time that the information gathering device, identifier, or other data base application will exist in the user's hard drive, if applicable.

(4) Notice to the user that he or she has the option of having his or her personal information discarded without reuse or distribution, provided that the appropriate agency official or employee is contacted after notice is given to the user.

(5) Notice to the user that any information acquired by the state agency, including the California State University, is subject to the limitations set forth in the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code).

(6) Notice to the user that state agencies shall not distribute or sell any electronically collected personal information, as defined in subdivision (d), about users to any third party without the permission of the user.

(7) Notice to the user that electronically collected personal information, as defined in subdivision (d), is exempt from requests made pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1).

(8) The title, business address, telephone number, and electronic mail address, if applicable, of the agency official who is responsible for records requests, as specified by subdivision (b) of Section 1798.17 of the Civil Code, or the agency employee designated pursuant to Section 1798.22 of that code, as determined by the agency, who is responsible for ensuring that the agency complies with requests made pursuant to this section.

(b) A state agency shall not distribute or sell any electronically collected personal information about users to any third party without prior written permission from the user, except as required to

investigate possible violations of Section 502 of the Penal Code or as authorized under the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code). Nothing in this subdivision shall be construed to prohibit a state agency from distributing electronically collected personal information to another state agency or to a public law enforcement organization in any case where the security of a network operated by a state agency and exposed directly to the Internet has been, or is suspected of having been, breached.

(c) A state agency shall discard without reuse or distribution any electronically collected personal information, as defined in subdivision (d), upon request by the user.

(d) For purposes of this section:

(1) "Electronically collected personal information" means any information that is maintained by an agency that identifies or describes an individual user, including, but not limited to, his or her name, social security number, physical description, home address, home telephone number, education, financial matters, medical or employment history, password, electronic mail address, and information that reveals any network location or identity, but excludes any information manually submitted to a state agency by a user, whether electronically or in written form, and information on or relating to individuals who are users serving in a business capacity, including, but not limited to, business owners, officers, or principals of that business.

(2) "User" means an individual who communicates with a state agency or with an agency employee or official electronically.

(e) Nothing in this section shall be construed to permit an agency to act in a manner inconsistent with the standards and limitations adopted pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) or the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code).

(Added by Stats. 1998, Ch. 429 (SB 1386, Leslie)).

CHAPTER 7. INFORMATION TECHNOLOGY

(Chapter 7 is inoperative on July 1, 2000, and is repealed January 1, 2001, under the terms of Government Code § 11785.)

Article 1. Intent and Definitions

§11701. It is the intent of the Legislature to create the Department of Information Technology that shall do all of the following: Provide statewide guidance to state agencies regarding acquisition, management, and appropriate use of information technology to improve operational productivity, reduce the cost of government, enhance service to customers, lower the cost and risk to taxpayers when implementing information technology, and expand the use of information technology to make government more accessible to the public.

(b) Develop specific statewide strategies, policies, and processes, including oversight, to improve the state's overall management of information technology; improve the state's overall management of information technology projects; improve the development and contract management of information technology acquisitions; guide state agencies in the acquisition, management, and use of information technology; and provide guidance to all state agencies to ensure that the agency's information technology direction is consistent with the agency's mission, business plan, and a results-oriented management policy.

(c) Develop statewide policies and plans for information technology that recognize the interrelationships and impact of state activities on local governments, including local school systems, private companies that supply needed goods and services to agencies and the federal government, and require individual state agency plans be aligned with statewide policies and plans.

(d) Develop appropriate policies and requirements for risk management and for sharing risk and benefits with the private sector in the acquisition of information technology products and services.

(e) Develop policies, goals, and objectives for one-time collection of data, allowing its use by all appropriate agencies without jeopardizing the security or confidentiality of information as provided by statute or the constitutional protection of individual rights to privacy.

(f) Establish and maintain criteria to be followed by state government in participating with private industry, and federal, state, and local government in demonstrating or developing advanced information technologies.

(g) Update continuously policies developed in carrying out the intent of this chapter for inclusion in the State Administrative Manual to reflect changing state needs related to information technology.

(h) Develop policies and standards to improve the acquisition and management of information technology projects in consultation with the Department of General Services, Office of Procurement.

(Added by Stats.1995, Ch. 508 (S.B.1), § 2.)

§11702. The following definitions apply for the purposes of this chapter, unless the context requires otherwise:

"Advanced information technologies" includes, but is not limited to, technologies of a nature providing opportunities of value to the state, and technologies to which the state has limited access because of the lack of previous application to government processes and that limit the competitiveness of the acquisition due to the advanced nature of the technology.

(b) "Agency" means agency, department, board, commission, data center, or any other state entity.

(c) "Department" means the Department of Information Technology.

(d) "Director" means the state chief information officer and the Director of Information Technology, and may be used interchangeably.

(e) "Information technology" includes, but is not limited to, all electronic technology systems and services, automated information handling, system design and analysis, conversion of data, computer programming, information storage and retrieval, telecommunications which include voice, video, and data communications, requisite system controls, simulation, electronic commerce, and all related interactions between people and machines.

(f) "Infrastructure" consists of information technology equipment, software, communications networks, facilities, and staff. Specifically included in statewide infrastructure are data centers and wide-area networks with their associated management and support capabilities.

(Added by Stats.1995, Ch. 508 (S.B.1), § 2.)

Article 2. Department of Information Technology

§11710. (a) There is hereby created in the executive branch the Department of Information Technology, that shall be managed by the Director of Information Technology, who shall be appointed by the Governor, with the consent of the Senate, and who shall serve at the pleasure of the Governor.

(b) The department, among other duties, shall perform the statutory duties and responsibilities of the former Office of Information Technology. Any reference in any law to the Office of Information Technology or the director of that office shall be considered a reference to the Department of Information Technology and the Director of Information Technology, as the case may be, unless the context otherwise requires.

(c) The Governor, upon recommendation of the director, shall appoint two officers exempt from civil service who are necessary for the administration of the department. The exempt officers appointed pursuant to this subdivision shall have both knowledge and expertise in the area of information technology. Subject to the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code), the director shall appoint any

other assistants and other employees as are necessary for the administration of the department and shall prescribe their duties.

(d) The department shall provide leadership, guidance, and oversight of information technology in state government, including, but not limited to, all of the following:

- Development of statewide vision, strategies, plans, policies, requirements, standards, and infrastructure.
- Implementation of efficient, effective, and timely information technology acquisition and project management processes.
- Identification of available information technology resources from both public and private sectors.
- Development and implementation of an information technology equipment and software acquisition strategy that moves the state steadily to an architecture to provide maximum practical compatibility to facilitate information sharing among all computing systems in state government.

(5) Promotion of reforms in information technology personnel classifications and in systems and procedures that reward skill in meeting business needs and facilitation of change with effective application of information technology.

(e) The Department of Information Technology shall have possession and control of all relevant records and papers held for the benefit or use of the former Office of Information Technology in the performance of its statutory duties, powers, purposes, and responsibilities. (Added by Stats.1995, Ch. 508 (S.B.1), § 2. Amended by Stats.1996, Ch. 681 (S.B.1898), § 1.)

§11711. The director shall be responsible for all of the following:

Developing plans and policies to support and promote the effective application of information technology within state government as a means of saving money, increasing employee productivity, and improving state services to the public, including public electronic access to state information.

(b) Overseeing the management of information technology in state agencies, the development and management of information technology projects, and acquisition of information technology to ensure compliance with statewide strategies, policies, and standards.

(c) Preparing annual reports to the Governor and the Legislature as to the status and result of the state's specific information technology plans.

(d) Developing and maintaining a computer based file, for use by the department and the Legislature, of all information technology projects for which a feasibility study report has been approved.

(e) Recommending to the Governor and Legislature changes needed in state policies and laws to accomplish the purposes of this chapter.

(f) Identifying which applications of information technology should be statewide in scope, and ensure that these applications are not developed independently or duplicated by individual state agencies.

(g) Establishing policies and procedures, where appropriate, to ensure that major projects are scheduled and funded in phases and that authority to proceed to the next phase of a project will be contingent upon successful completion of the prior phase. The policies and procedures to be developed by the director shall include the identification of one or more specific results deliverable for each phase that will provide the basis for assessing the extent to which a phase has been completed successfully.

(Added by Stats.1995, Ch. 508 (S.B.1), § 2.)

§11712. The director is vested with the authority to do the following:

Review proposed agency information technology projects for compliance with statewide strategies, policies, and standards, including project management methods and standards.

(b) Grant or withhold approval to initiate agency information technology projects based upon the review performed in accordance with subdivision (a). The director shall consult with the affected agencies and the involved control and service agencies, as appropriate, when granting or withholding approval on information technology projects. The director shall make the final decision to initiate, suspend, or terminate an information technology project.

(c) Monitor agency information technology projects to ensure continued compliance with statewide strategies, policies, and standards, and project management methods and standards.

(d) Make recommendations for remedial measures to be applied to agency information technology projects in order to achieve compliance with statewide strategies, policies, and standards, and proper project management methods and standards. Remedial measures include, but are not limited to, use of independent validation and verification methodologies based on engineering principles, conducted on an independent basis, by practitioners with recognized expertise and experience.

(e) Suspend, reinstate, or terminate projects after consultation with the affected agencies, and the involved control and service agencies.

(f) Develop policies and requirements for carrying out the responsibilities of this article for publication in the State Administrative Manual, or distribution by management memo.

(Added by Stats.1995, Ch. 508 (S.B.1), § 2.)

Article 2. State Agency Responsibilities

§11720. Subject to the authority of the office as set forth in this chapter, the head of each agency is responsible for the management of information technology in the agency that he or she heads, including, but not limited to, (a) the designation of an individual as the person responsible for information technology application and management within the agency; (b) the establishment of information technology strategies that support the accomplishment of the agency mission, business strategies, and objectives; (c) the justification of proposed information technology projects in terms of costs and benefits, as well as consistency with agency mission and statewide strategies, policies, requirements, and standards; (d) the management of information technology development and acquisition projects and the qualifications of project staff; and (e) the management of all agency information processing and communications activities. The head of each agency has responsibility over all information collected, processed, stored, or used by the agency that he or she heads.

(Added by Stats.1995, Ch. 508 (S.B.1), § 2.)

Article 11. Repeal of Chapter

§11785. This chapter shall become inoperative on July 1, 2000, and, as of January 1, 2001, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2001, deletes or extends the dates on which it becomes inoperative and is repealed.

(Added by Stats.1995, Ch. 508 (S.B.1), § 2.)

PART 2.8 DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING CHAPTER 8. NONDISCRIMINATION AND COMPLIANCE EMPLOYMENT PROGRAMS

§12990. (a) Any employer who is, or wishes to become, a contractor with the state for public works or for goods or services is subject to the provisions of this part relating to discrimination in employment and to the nondiscrimination requirements of this section and any rules and regulations which implement it.

(b) Prior to becoming a contractor or subcontractor with the state, an employer may be required to submit a nondiscrimination program to the department for approval and certification and may be required to submit periodic reports of its compliance with such a program.

(c) Every state contract and subcontract for public works or for goods or services shall contain a nondiscrimination clause prohibiting discrimination on the bases enumerated in this part by contractors or subcontractors. The nondiscrimination clause shall contain a provision requiring contractors and subcontractors to give written notice of their obligations under that clause to labor organizations with which they have a collective bargaining or other agreement. Such contractual provisions shall be fully and effectively enforced.

(d) The department shall periodically develop rules and regulations for the application and implementation of this section, and submit them to the commission for consideration and

adoption in accordance with the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1. Those rules and regulations shall describe and include, but not be limited to, all of the following:

- Procedures for the investigation, approval, certification, decertification, monitoring, and enforcement of nondiscrimination programs.
- The size of contracts or subcontracts below which any particular provision of this section shall not apply.
- The circumstances, if any, under which a contractor or subcontractor is not subject to this section.
- Criteria for determining the appropriate plant, region, division, or other unit of a contractor's or subcontractor's operation for which a nondiscrimination program is required.

(5) Procedures for coordinating the nondiscrimination requirements of this section and its implementing rules and regulations with the California Plan for Equal Opportunity in Apprenticeship, with the provisions and implementing regulations of Article 9.5 (commencing with Section 11135) of Chapter 1 of Part 1, and with comparable federal laws and regulations concerning nondiscrimination, equal employment opportunity, and affirmative action by those who contract with the United States.

(6) The basic principles and standards to guide the department in administering and implementing this section.

(e) Where a contractor or subcontractor is required to prepare an affirmative action, equal employment, or nondiscrimination program subject to review and approval by a federal compliance agency, that program may be filed with the department, instead of any nondiscrimination program regularly required by this section or its implementing rules and regulations. Such a program shall constitute a prima facie demonstration of compliance with this section. Where the department or a federal compliance agency has required the preparation of an affirmative action, equal employment, or nondiscrimination program subject to review and approval by the department or a federal compliance agency, evidence of such a program shall also constitute prima facie compliance with an ordinance or regulation of any city, city and county, or county which requires an employer to submit such a program to a local awarding agency for its approval prior to becoming a contractor or subcontractor with that agency.

(f) Where the department determines and certifies that the provisions of this section or its implementing rules and regulations are violated or where the commission, after hearing an accusation pursuant to Section 12967, determines a contractor or subcontractor is engaging in practices made unlawful under this part, the department or the commission may recommend appropriate sanctions to the awarding agency. Any such recommendation shall take into account the severity of the violation or violations and any other penalties, sanctions, or remedies previously imposed.

(Added by Stats.1980, Ch. 992, § 4. Amended by Stats.1982, Ch. 454, § 46.)

PART 3. DEPARTMENT OF FINANCE

CHAPTER 3. FISCAL AFFAIRS

Article 2.5. Provisions Applicable to Appropriations of Funds

§13332.06. Beginning on December 15, 1993, and annually thereafter, the Director of General Services shall submit to the Chairperson of the Joint Legislative Budget Committee a report listing all leases of office copy machines made in the previous fiscal year. The report shall include an explanation as to why each copier was leased rather than purchase.

(Added by Stats.1992, Ch. 1296 (S.B.986), § 10.3, effective September 30, 1992.)

§13332.09. No purchase order or other form of documentation for acquisition or replacement of motor vehicles shall be issued against any appropriation until the Department of General Services has investigated and established the necessity therefor. No surplus mobile equipment may be acquired from any source by any state agency for program support until the Department of General Services has investigated and established the necessity therefor.

All passenger-type motor vehicles purchased for state officers and employees, except constitutional officers, shall be American-made vehicles of the light class, as defined by the State Board of Control, unless excepted by the Director of General Services on the basis of unusual requirements, including, but not limited to, use by the California Highway Patrol, which would justify the need for a motor vehicle of a heavier class.

No general use mobile equipment having an original purchase price of twenty-five thousand dollars (\$25,000) or more shall be rented or leased from a nonstate source and payment therefor made from any appropriation for the use of the Department of Transportation, without the prior approval of the Department of General Services after a determination that comparable state-owned equipment is not available, unless obtaining approval would endanger life or property, in which case the transaction and the justification for not having sought prior approval shall be reported immediately thereafter to the Department of General Services. For purposes of this section, "general use mobile equipment" means equipment that is listed in the Mobile Equipment Inventory of the State Equipment Council and which is capable of being used by more than one agency, and shall not be deemed to refer to equipment having a practical use limited to the controlling agency only. Section 575 of the Vehicle Code shall have no application to this section.

(Added by Stats.1983, Ch. 323, § 44, eff. July 21, 1983.)

§13332.17. Purchase estimates for supplies or equipment submitted to the Department of General Services pursuant to Section 10311 of the Public Contract Code received during the last 90 days of a fiscal year and for which a purchase order award is pending at the end of that fiscal year, may be awarded during the initial 90 days of the subsequent fiscal year. The 90-day period shall be extended commensurate with the time required to resolve any protest filed pursuant to Section 10306 of the Public Contract Code. Notwithstanding any other provision of law and regardless of the date of receipt of the materials, supplies or equipment, the date of expenditure and encumbrance for a purchase authorized by this section shall be construed to be the last day of the fiscal year in which the purchase estimate is received by the department. A purchase order awarded in accordance with the provisions of this section shall cite this section and the actual date of award.

(Amended by Stats.1993, Ch. 153 (A.B.2050), § 1.)

PART 5.5. DEPARTMENT OF GENERAL SERVICES CHAPTER 1. GENERAL PROVISIONS

§14600. The Legislature declares that a centralization of business management functions and services of state government is necessary to take advantage of specialized techniques and skills, provide uniform management practices, and to insure a continuing high level of efficiency and economy. A Department of General Services is created to provide centralized services including, but not limited to, planning, acquisition, construction, and maintenance of state buildings and property; purchasing; printing; architectural services; administrative hearings; and accounting services. The Department of General Services shall develop and enforce policy and procedures and shall institute or cause the institution of those investigations and proceedings as it deems proper to assure effective operation of all functions performed by the department and to conserve the rights and interests of the state.

(Amended by Gov.Reorg.Plan No. 1 of 1995, § 13; Stats.1996, Ch. 305 (A.B.3103), § 14.)

§14608. Whenever any statute requires by the use of the word or words "approve," "approval," "authorize," or "authorization," the director of the department to approve or authorize any act or transaction, the approval or authorization shall be deemed to have been given only if given in writing by the director, the deputy director, or by some other officer or employee of the department acting pursuant to written authority of the director. The term "in writing" includes a secured electronic signature, whereby an electronically produced document may be signed

electronically by the authorized signatory who possesses a secured electronic password available only to the signatory or his or her designee.
(Amended by Stats. 1994, Ch. 1044 (AB 2887.))

§14614. The director and the civil executive officers of the department have the powers of a peace officer in all parts of the state in enforcing any lawful order of the department.
(Added by Stats. 1965, Ch. 371.)

§14615. (a) The department has general powers of supervision over all matters concerning the financial and business policies of the state in regard to the duties, powers, responsibilities, and jurisdiction specifically vested in the department. Whenever the department deems it necessary, or at the instance of the Governor, it shall institute or cause the institution of those investigations and proceedings as it deems proper to conserve the rights and interests of the state.

(b) The Department of the California Highway Patrol has jurisdiction over those matters related to the security of state officers, property, and occupants of state property. The Department of the California Highway Patrol may also assist the department in the department's investigations conducted pursuant to subdivision (a).
(Amended by Stats. 1996, Ch. 305 (AB3103.))

§14615.1. Where the Legislature directs or authorizes the department to maintain, develop, or prescribe processes, procedures, or policies in connection with the administration of its duties under this chapter, Chapter 2 (commencing with Section 14650), or the State Contract Act (Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code), the action by the department shall be exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500)). This section shall apply to actions taken by the department with respect to the State Administrative Manual and the State Contracting Manual.

(Added by Stats. 1998, Ch. 731 (SB 1645, Mountjoy.))

CHAPTER 5. STATE RECORDS

ARTICLE 4 DISPOSAL OF RECORDS

§14755. (a) No record shall be destroyed or otherwise disposed of by any agency of the state, unless it is determined by the director that the record has no further administrative, legal, or fiscal value and the Secretary of State has determined that the record is inappropriate for preservation in the State Archives.

(b) The director shall not authorize the destruction of any record subject to audit until he or she has determined that the audit has been performed.

(c) The director shall not authorize the destruction of all or any part of an agency rulemaking file subject to Section 11347.3.

(Amended by Stats. 1996, Ch. 928 (SB 1507)).

§14756. The public records of any state agency may be microfilmed, electronically data imaged, or otherwise photographically reproduced and certified upon the written authorization of the head of the agency. The microfilming, electronic data imaging, or photographic reproduction shall be made in compliance with the ~~minimum standards or guidelines, or both, as recommended by the American National Standards Institute or the Association for Information and Image Management~~ regulations adopted by the Secretary of State, as specified in Section 12168.7 for recording of permanent records or nonpermanent records.

The certification of each reproduction or set of reproductions shall be in accordance with the standards, or have the approval, of the Attorney General. The certification shall contain a statement of the identity, description, and disposition or location of the records reproduced, the date, reason, and authorization for such reproduction, and other information that the Attorney General requires.

The certified reproductions shall be deemed to be original public records for all purposes, including introduction in courts of law and state agencies.
(Amended by Stats. 1998, Ch. 677 (AB 972, Torlakson)).

CHAPTER 6. CALIFORNIA STATE CONTRACTS REGISTER

§14825. The Department of General Services shall publish, or shall cause to be published, the California State Contracts Register, describing therein contracts proposed by the state.

As used in this article, "contract" means an agreement entered into by a state agency for services, which term shall be construed to include contracts for construction or alteration of state-owned real property.

Provisions of this article shall not apply to contracts for entertainment by district agricultural associations or for their fair related events except that summaries of the types of fair related contracts shall be published in the California State Contracts Register at least twice each year.
(Added by Stats.1985, Ch. 823, § 3.5.)

§14825.1. The California State Contracts Register shall be published not less than twice a month and shall include information deemed appropriate by the Department of General Services, and shall include all of the following:

- (a) Contract identification number.
- (b) A description of the contract to be performed.
- (c) All deadlines for submitting bid proposals or other required steps in the contract process, including the location and estimated duration of the contract where appropriate.
- (d) Any eligibility requirements and preferences.
- (e) Department, name, and telephone number of the person or persons to contact for further bid and submittal information.

The department may make the register available to the general public electronically through a computer-accessed service.

(Amended by Stats.1993, Ch. 1175 (AB 565.))

§14826. In order to broaden subcontracting opportunities for small business, agencies shall maintain and provide, upon request to interested parties, the names and addresses of firms to whom requests for proposals or invitations to bid are to be issued in connection with all contracts for one hundred thousand dollars (\$100,000) or more.
(Added by Stats.1985, Ch. 823, § 3.5.)

§14827. State agencies shall develop procedures for assuring that proposed contract opportunities are published in the California State Contracts Register as required by this article.
(Added by Stats.1985, Ch. 823, § 3.5.)

§14827.1. No state agency shall award a contract unless notice thereof has first been published in the California State Contracts Register.

(Added by Stats.1985, Ch. 823, § 3.5.)

§14827.2. Every state agency shall furnish to the Department of General Services the information required by Section 14825.1 in sufficient time for it to be published in the California State Contracts Register, so as to give potential bidders not less than 10 working days' notice prior to the contract bid opening date. Agencies shall not release invitations for bid or requests for proposals prior to publication in the California State Contracts Register.

(Added by Stats.1985, Ch. 823, § 3.5.)

§14827.3. The Department of General Services may exempt a state agency from the requirement of advertising in the California State Contracts Register where the contract is necessary for the immediate preservation of life or state property, where the contract is with another state agency or local and where the Director of General Services determines that the state's best interest would be better served by an exemption. The Department of General Services may, likewise, exempt a class or classes of contracts, where it appears to be in the state's best interest to do so. The department will identify the exemptions and publish them prominently in each issue of the California State Contracts Register.
(Added by Stats.1985, Ch. 823, § 3.5.)

§14828. All governmental contracting entities shall provide to the Department of General Services which shall maintain, for review by those desiring the information, all of the following:
(a) Names of contractors to whom specific contracts have been awarded.
(b) Contract procedures and requirements.
(Added by Stats.1985, Ch. 823, § 3.5.)

§14829. The Department of General Services shall offer copies of the California State Contracts Register for sale, and the "price" thereof shall not exceed the amount necessary to pay all expenses incurred in its preparation and distribution.
(Added by Stats.1985, Ch. 823, § 3.5.)

§14829.1. The Department of General Services may adopt rules and regulations consistent with the law for the purpose of carrying into effect this article.
(Added by Stats.1985, Ch. 823, § 3.5.)

§14829.2. This article shall remain in effect until January 1, 1988, and as of that date is repealed, unless a later enacted statute, which is chaptered before January 1, 1988, deletes or extends that date, or unless the Director of General Services determines that as of December 1, 1987, the programs established by this article are self-supporting and notifies the Joint Legislative Budget Committee of that determination.
(Added by Stats.1985, Ch. 823, § 3.5.)

CHAPTER 6.5. **SMALL BUSINESS PROCUREMENT AND CONTRACT ACT**

ARTICLE 1. GENERAL PROVISIONS

§14835. This chapter shall be known and may be cited as the Small Business Procurement and Contract Act.
(Added by Stats.1973, Ch. 1198, p. 1536, § 1.)

§14836. (a) The Legislature hereby declares that it serves a public purpose, and it is of benefit to the state, to promote and facilitate the fullest possible participation by all citizens in the affairs of the State of California in every possible way. It is also essential that opportunity is provided for full participation in our free enterprise system by small business enterprises.

(b) Further, it is the declared policy of the Legislature that the state should aid, counsel, assist, and protect, to the maximum extent possible, the interests of small business concerns in order to preserve free competitive enterprise and to ensure that a fair proportion of the total purchases and contracts or subcontracts for property and services for the state be placed with such enterprises.

(Added by Stats.1973, Ch. 1198, p. 1536, § 1. Amended by Stats.1983, Ch. 838, § 1.)

§14837. As used in this chapter:

- (a) "Department" means the Department of General Services.
- (b) "Director" means the Director of General Services.

~~“Small business” means a business, in which the principal office is located in California, and the officers of such business are domiciled in California, which is independently owned and operated, and which is not dominant in its field of operation. In addition to the foregoing criteria the director, in making a detailed definition, shall use dollar volume of business as a criterion. The maximum dollar volume which a small business may have under the definition shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries. In addition, when the character of any given industry so requires, the director may consider financial, employee, and contractor arrangements of any applicant seeking classification under the definition. The director shall exercise his or her best judgment that both the raw and finished material supplier arrangements of the successful bidder shall not circumvent the intent of this chapter, and the director may take account of other relevant factors as determined by regulation.~~

(c) "Manufacturer" means a business that is both of the following:

(1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.

(2) Classified between Codes 2000 to 3999, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition.

(d) (1) "Small business" means an independently owned and operated business, which is not dominant in its field of operation, the principal office of which is located in California, the officers of which are domiciled in California, and which, together with affiliates, has 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or is a manufacturer, as defined in subdivision (c), with 100 or fewer employees.

(2) The director shall conduct a biennial review of the average annual gross receipt level specified in this subdivision and may adjust that level to reflect changes in the California Consumer Price Index for all items. To reflect unique variations or characteristics of different industries, the director may establish, to the extent necessary, higher qualifying standards than those specified in this subdivision, or alternative standards based on other applicable criteria.

(3) Standards applied under this subdivision shall be established by regulation, in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1, and shall preclude the qualification of businesses that are dominant in their industry.

(Amended by Stats. 1998, Ch. 821 (AB 2505, Olberg and Machado)).

§14838. In order to facilitate the participation of small business in state procurement, in construction contracts, and in service contracts, under the office of the State Architect or other state agencies which contract for the construction (including alteration, demolition, repair, or improvement) of state facilities, or the delivery of services, the directors of General Services and of such other agencies, each within their respective areas of responsibility, shall do all of the following:

(a) Establish goals, consistent with those established by the Office of Small and Minority Business, for the extent of participation of small businesses in state procurement, in construction contracts, and in service contracts.

(b) Provide for small business preference in construction, the procurement of goods, or the delivery of services where responsibility and quality are equal. The preference to small business shall be 5 percent of the lowest responsible bidder meeting specifications. However, the small business preference shall not exceed fifty thousand dollars (\$50,000) for any bid, and the combined cost of preferences granted pursuant to this chapter and any other provision of law shall not exceed one hundred thousand dollars (\$100,000). In bids in which the state has reserved the right to make multiple awards, this fifty thousand dollar (\$50,000) maximum preference cost shall be applied, to the extent possible, so as to maximize the dollar participation of small businesses in the contract award.

(c) Give special consideration to small businesses by both:

(1) Reducing the experience required.

(2) Reducing the level of inventory normally required.

(d) Give special assistance to small businesses in their preparation and submission of the information requested in Section 14310.

(e) Under the authorization granted in Section 14311, make awards, whenever feasible, to small business bidders for each project bid upon within their prequalification rating. This may be accomplished by dividing major projects into subprojects so as to allow a small business contractor to qualify to bid on these subprojects.

(f) Except as provided in Sections 10392 and 10398 of the Public Contract Code, small business bidders qualified in accordance with the provisions of this chapter shall have precedence over nonsmall business bidders in that the application of any bidder preference for which nonsmall business bidders may be eligible under any other provision of law shall not result in the denial of the award to a small business bidder. In the event of a precise tie between the low responsible bid of a bidder meeting specifications of a small business, and the low responsible bid of a bidder meeting the specifications of a disabled veteran-owned small business, the contract shall be awarded to the disabled veteran-owned small business. This provision shall apply to those cases where the small business bidder is the lowest responsible bidder, as well as to those cases where the small business bidder is eligible for award as the result of application of the 5-percent small business bidder preference granted by subdivision (b). (Added by Stats.1985, Ch. 823, §5. Amended by Stats.1986, Ch. 158, § 3; Stats.1986, Ch. 1080, § 4; Stats.1989, Ch. 611, § 2; Stats.1989, Ch. 1127, § 2.)

§14838.2. The Legislature finds and declares all of the following: (a) Market demand is a driving factor in determining profitability of California companies and the ability of those companies to invest in business growth.

(b) Recent unemployment figures indicate that California's employment has declined by more than 420,000 jobs since the middle of 1990, with up to 133,000 of those jobs in the manufacturing sector.

(c) The current economic recession, coupled with losses of federal contracts by our defense and aerospace industries, is causing an economic crisis in California.

(d) California companies are often at a competitive disadvantage when responding to public contract proposals from government agencies because of factors associated with higher taxes, wages, rents, labor benefits, and insurance rates.

(e) The competitiveness of California companies is also impacted as a result of in-state business preference policies that exist in other states.

(Added by Stats.1992, Ch. 1073 (A.B.2578), § 1.)

§14838.4. No small business preference shall be allowed if allowing the small business preference would result in a computed bid of the preference recipient which would exceed the amount of funds appropriated by the Legislature for the construction project, plus any augmentation that may be made by the State Public Works Board pursuant to authority granted in the annual Budget Act.

(Added by Stats.1982, Ch. 586, p. 2547, § 1.)

§14838.5. (a) Notwithstanding the advertising and bidding requirements of Chapter 6 (commencing with Section 14825) and Section 10302, a state agency may award a contract for the acquisition of goods, services, or information technology that has an estimated value of greater than two thousand five hundred dollars (\$2,500), but less than fifty thousand dollars (\$50,000), to a small business, as long as the agency obtains price quotations from two or more small businesses.

(b) In carrying out subdivision (a), state agencies shall consider a responsive offer timely received from a responsible small business.

(c) If the estimated cost to the state is less than two thousand five hundred dollars (\$2,500) and for the acquisition of goods, services, or information technology, or a greater amount as administratively established by the director, a state agency shall obtain at least two price quotations from responsible suppliers whenever there is reason to believe a response from a single source is not a fair and reasonable price.

(Added by Stats. 1998, Ch. 1030 (AB 835, Wright)).

§14838.6. (a) For purposes of this chapter, "disabled veteran-owned small business" means a small business concern which is all of the following:

(1) At least 51 percent owned by one or more disabled veterans.

(2) Managed by, and the daily business operations are controlled by, one or more disabled veterans.

(b) For purposes of this section, "disabled veteran" means a person to whom both of the following apply:

(1) The person has served in the United States Air Force, Army, Navy, Marine Corps, or Coast Guard in time of war, or national emergency declared by the President of the United States of America, and who has been discharged or released under honorable conditions.

(2) The person is currently declared by the United States Veterans Administration to be 10 percent or more disabled as a result of service in the armed forces.

(Added by Stats.1989, Ch. 611, § 3.)

14839. There is hereby established within the department the Office of Small and Minority Business. The duties of the office shall include:

(a) Compiling and maintaining a comprehensive bidders list of qualified small businesses.

(b) Coordinating with the Federal Small Business Administration, the Minority Business Development Agency, and the Office of Small Business Development of the Department of Economic and Business Development.

(c) Providing technical and managerial aids to small businesses by conducting workshops on matters in connection with government procurement and contracting.

(d) Assisting small business in complying with the procedures for bidding on state contracts.

(e) Working with appropriate state, federal, local and private organizations and business enterprises in disseminating information on bidding procedures and opportunities available to small businesses.

(f) Making recommendations to the department and other state agencies for simplification of specifications and terms in order to increase the opportunities for small business participation.

(g) Develop, by regulation, such other programs and practices which are reasonably necessary to aid and protect the interest of small business in contracting with the state.

(h) The information furnished by each contractor requesting a small business preference shall be under penalty of perjury.

(Added by Stats.1973, Ch. 1198, p. 2537, § 1. Amended by Stats.1977, Ch. 710, p. 2288, § 3; Stats.1983, Ch. 838, § 4.)

§14839.1. The department shall have sole responsibility for certifying and determining the eligibility of small businesses under this chapter.

(Added by Stats.1982, Ch. 585, p. 2523, § 1.)

§14840. The department shall submit an annual report to the Legislature no later than January 1 of each year commencing in 1975 containing the following information:

(a) Upon request, an up-to-date list of eligible small business bidders by general procurement and construction contract categories, noting company names and addresses.

(b) By general procurement and construction contract categories, statistics comparing the ~~number of eligible small business bidders to the total number of qualified bidders~~ — small business contract participation dollars to the total state contract participation dollars.

~~(c) A list of small businesses which were awarded contracts under this chapter and the dollar amount of each contract. By awarding department and general procurement and construction categories, statistics comparing the small business contract participation dollars to the total state contract participation dollars.~~

(d) Any recommendations for changes in statutes or state policies to improve opportunities for small business.

(e) A statistical summary of small businesses certified for state contracting by the number of employees at the business for each of the following categories: 0-25, 26-50, 51-75, and 76-100.

(f) To the extent feasible, beginning in the year 2002, the number of contracts awarded by the department in the categories specified in subdivision (e).
(Amended by Stats. 1998, Ch. 1030 (AB 835, Wright)).

§14842. (a) A business which has obtained classification as a small business by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for classification, and which by reason of such classification has been awarded a contract to which it would not otherwise have been entitled, shall:

(1) Pay to the state any difference between the contract amount and what the state's costs would have been if the contract had been properly awarded;

(2) In addition to the amount described in subdivision (a), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract involved; and

(3) Be ineligible to transact any business with the state for a period of not less than three months and not more than 24 months.

(b) All payments to the state pursuant to paragraph (1) of subdivision (a) shall be deposited in the fund out of which the contract involved was awarded.

(c) All payments to the state pursuant to paragraph (2) of subdivision (a) shall be deposited in the state General Fund.

(d) Prior to the imposition of any sanctions under subdivision (a), a business shall be entitled to a public hearing and to at least five working days' notice of the time and place thereof. The notice shall state the reasons for the hearing.

(Added by Stats.1977, Ch. 710, p. 2288, § 5. Amended by Stats.1982, Ch. 1590, p. 6293, § 2.)

§14842.5. (a) It shall be unlawful for a person to:

(1) Knowingly and with intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain, certification as a small business enterprise for the purposes of this chapter.

(2) Willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a state official or employee for the purpose of influencing the certification or denial of certification of any entity as a small business enterprise.

(3) Willfully and knowingly obstruct, impede, or attempt to obstruct or impede, any state official or employee who is investigating the qualifications of a business entity which has requested certification as a small business enterprise.

(4) Knowingly and with intent to defraud, fraudulently obtain, attempt to obtain, or aid another person in fraudulently obtaining or attempting to obtain, public moneys to which the person is not entitled under this chapter.

(b) Any person who is found by the department to have violated any of the provisions of subdivision (a) is subject to a civil penalty of not more than five thousand dollars (\$5,000).

(c) If a contractor, subcontractor, supplier, subsidiary, or affiliate thereof, has been found by the department to have violated subdivision (a) and that violation occurred within three years of another violation of subdivision (a) found by the department, the department shall prohibit that contractor, subcontractor, supplier, subsidiary, or affiliate thereof, from entering into a state project or state contract and from further bidding to a state entity, and from being a subcontractor to a contractor for a state entity and from being a supplier to a state entity.

(Added by Stats.1984, Ch. 739, § 1.)

§14843. The department may make all rules and regulations consistent with the law for the purpose of carrying into effect the provisions of this chapter. Rules and regulations shall be adopted, amended, or repealed in accordance with the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1.

(Formerly § 14842, added by Stats.1973, Ch. 1198, p. 2537, § 1. Amended by Stats.1976, Ch. 1079, p. 4862, § 34. Renumbered § 14843 and amended by Stats.1977, Ch. 710, p. 2288, § 4; Stats.1982, Ch. 454, p. 1851, § 55.)

Article 2. Small Business Advocacy

§14845. Using existing resources, the Department of General Services' small business advocate shall, at a minimum, provide the following services:

(a) Assist small businesses by providing information regarding all of the following:

(1) Identification of potential small business subcontractors and potential subcontracting opportunities.

(2) Solicitation protest procedures and timelines.

(3) Prompt payment procedures.

(b) Using existing resources, develop and maintain an outreach and education program to assist small businesses to establish the California multiple award schedule. The department shall actively promote the availability of small business suppliers to deliver or provide a broad range of goods and services to governmental agencies through their participation in the California multiple award schedule program established pursuant to Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code and other types of contracts established by state agencies for repetitively used and commonly needed goods and services.

(c) Whenever the director consolidates the needs of multiple state agencies and establishes a contract for repetitively purchased or commonly needed goods or services, the director shall both encourage bidders to utilize small business suppliers and subcontractors, and utilize multiple award methods whenever practicable to further ensure that a fair proportion of needed goods and services are obtained from small businesses.

(d) Using existing resources, establish a training and development program for acquisition professionals, including methods for structuring solicitations to enhance the participation of small businesses in state contracting.

(e) Using existing resources, the department shall establish a recognition and awards program for state employees who make an outstanding contribution to the state's overall effort to increase the level of small business participation in state contracting.

(f) Prepare, and make available to the public, a directory of certified small business suppliers.

(g) In its review of state agency acquisitions, the department, as applicable, shall identify areas where improvements in the level of participation of small businesses in state contracting can be achieved.

§14846. (a) (1) Using existing resources, each state agency shall consolidate its existing staff functions that relate to contract opportunities for small business into a single point of contact for small businesses and designate a small business advocate as a liaison to small business suppliers.

(2) Each small business advocate shall, at a minimum, provide for both of the following:

(A) Make information regarding pending solicitations available to, and consider offers from, California small business suppliers capable of meeting the state's business need, and who have registered with the state for this purpose.

(B) Ensure that payments due on a contract with a small business are made promptly, as provided for in Section 926.15 or 927, whichever applies.

(3) This subdivision shall not apply to state agencies whose contracting expenditures total less than one hundred thousand dollars (\$100,000) annually.

(b) Prior to placing orders under the California multiple awards schedule program, state agencies shall first consider offers from small businesses that have established multiple award schedules whenever practicable.

(c) State agencies shall identify and implement innovative acquisition operating processes, including payment processes, and strategies for small business participation. To maximize the benefits, state agencies shall actively share information about these innovative processes with other state agencies.

(d) State agencies shall prepare solicitations, and any related bid submission requirements, in a manner consistent with the scope, complexity, and anticipated cost of the acquisition. Where appropriate, state agencies shall provide bidders with simplified and streamlined tools and

methods for responding to solicitations that allow bidders to efficiently, expeditiously, and cost-effectively respond to the contracting opportunity.

§14847. (a) In determining eligibility of a business for an award, state agencies may consider all of the following:

(1) Whether the bidder has the necessary facilities, organizational capability, experience, managerial and technical competency and skills, and financial resources to fulfill the terms of the contract.

(2) Whether the bidder has the capability to comply with the required delivery or performance schedule, taking into consideration other business commitments.

(3) Whether the bidder has a history of satisfactory or better performance, as demonstrated by a results-oriented track record, written performance evaluations, or other relevant information obtained from references.

(b) State agencies may enter into contracts with multiple sources when in the best interests of the state.

(c) The Department of General Services shall establish procedures and guidelines for the implementation of this article.

(Added by Stats.1998, Ch. 917, (AB 2405, Leach)).

Chapter 8. Traffic

§14920. (a) The Department of General Services provides for the specialized consideration of all traffic problems of the state; develops specialized knowledge of rates, tariffs, and traffic problems to the end that all state shipments be accomplished in the most expeditious, economical, and efficient manner possible via carrier or carriers whose drivers and supporting personnel are operating under current collective-bargaining agreements or who are maintaining the prevailing wages, standards and conditions of employment for its driver and supporting personnel employees; insures adequate state representation before administrative rate-setting bodies; disseminates traffic information throughout all state agencies.

(b) In establishing procedures for obtaining commercial moving services under competitive bid contracts the department shall act in accordance with the following:

Every contract (and any bid specification therefor) hereby authorized and entered into by the state in excess of two thousand five hundred dollars (\$2,500), the principal purpose of which is to furnish commercial moving services to relocate state offices, facilities and institutions, shall specify that no contractor performing thereunder shall pay any employee actually engaged in the moving or handling of goods being relocated under such contract less than the prevailing wage rate, except consideration may be given to bids not conforming with these employee cost provisions in areas where no such employee wage standards and conditions are reasonably available. The term "prevailing wage rate," as used in this subdivision, means the rate paid to a majority of workmen engaged in the particular craft, classification or type of work within the locality if a majority of such workmen be paid at a single rate; if there be no single rate being paid to a majority, then the rate being paid the greater number. The determination required by this subdivision of wage rates prevailing in a given area shall be made by the Department of Industrial Relations.

(c) The term "supporting personnel" for the purposes of this chapter shall include all employees of a carrier who directly participate in the actual moving and handling of goods.

The amendments to this section during the 1975-76 Regular Session, shall not apply to any contract, including those that may be renewed periodically, which affects the wage rates of supporting personnel until the end of the renewal period or the end of the contract, whichever first occurs.

(Amended by Stats.1975, Ch. 1174).

§14921. The director, subject to the State Civil Service Act, shall appoint such personnel as is necessary to perform the following duties:

(a) Watch the movements of all state freight.

(b) Audit all freight and other transportation bills involving state shipments in order to determine the most advantageous and economical shipping rates which can be secured via carrier or carriers whose drivers and supporting personnel are operating under current collective-bargaining agreements or who are maintaining the prevailing wages, standards and conditions of employment for its driver and supporting personnel employees and to determine what refunds may be due the state on completed shipments.

(c) Furnish upon request from any state source the proper routing and tariff description of a given shipment in order to assure the state of the lowest applicable freight charge commensurate with the provisions of Section 14920.

(d) Establish and maintain such files as may be necessary to expedite shipments, secure special movements, trace and recover strayed and delayed shipments, and divert and reconsign shipments.

(e) Perform such other duties as may be necessary to the efficient discharge of the rate control function.

The amendments to this section during the 1975-76 Regular Session, shall not apply to any contract, including those that may be renewed periodically, which affects the wage rates of supporting personnel until the end of the renewal period or the end of the contract, whichever first occurs.

(Amended by Stats.1975, Ch. 1174).

§14922. Upon request of any state agency, the Director of General Services may assign competent personnel to work directly with such state agency at such locations as the agency shall designate in order that such personnel shall become familiar with the particular problems of such agency and that the purposes of this chapter can be best accomplished.
(Added by Stats.1965, Ch. 371.)

PART 6.7. ECONOMIC AND BUSINESS DEVELOPMENT CHAPTER 6. CALIFORNIA PROCUREMENT AND TECHNICAL ASSISTANCE NETWORK

§15397.1. (a) There is hereby created in state government a California Procurement and Technical Assistance Network (CAPTAN).

(b) The network shall be incorporated as a component within the existing statewide California Community Colleges Economic Development Network under the auspices of the Chancellor of the California Community Colleges and in collaboration with the Secretary of Trade and Commerce.

(c) In addition, the network shall collaborate with and provide support to the Department of General Services and other state and local public contracting agencies, small business development centers, centers for international trade development, centers for applied competitive technology,, the California Supplier Improvement Program, the California Small Business Innovation Research Program, local economic development organizations, and other related community economic development programs and initiatives.

(Added by Stats.1993, Ch. 443 (A.B.938), § 1.)

§15397.2. The California Procurement and Technical Assistance Network shall be comprised of regional procurement assistance centers located within existing facilities, such as small business development centers, or any other appropriate economic development entities, in order to provide specified procurement services to businesses and industries, as well as public sector entities. The network shall be designed to create a system for electronic marketing of public contract opportunities at the federal, state, and local level.

(Added by Stats.1993, Ch. 443 (A.B.938), § 1.)

§15397.3. The California Procurement and Technical Assistance Network, through a statewide network of regional procurement assistance centers, shall provide, on a fee basis, the following procurement services:

(a) Notification of bids through an automated bid match system utilizing the following components:

- (1) An automated vendor data base.
 - (2) Electronic public contract data utilizing Commerce Business Daily, federal contract opportunities within the federal Department of Defense, the federal government, the State of California, local governments, and public utilities.
 - (b) Bid preparation assistance and technical support.
 - (c) Pre-award survey assistance.
 - (d) Contract administration support.
 - (e) Total Quality Management training.
 - (f) Provision of training workshops to strengthen the state network and keep regional procurement assistance centers knowledgeable of constantly changing government procurement regulations and laws.
- (Added by Stats.1993, Ch. 443 (A.B.938), § 1.)

§15397.4. The Chancellor of the California Community Colleges, in collaboration with the Secretary of Trade and Commerce, shall implement this chapter only upon the availability of sufficient nonstate public and private sector funding, including federal funding sources. The resources of the California Competitive Technology Program may also be utilized in support of the California Procurement and Technical Assistance Network, upon successful competitive application to the Competitive Technology Program Fund.

(Added by Stats.1993, Ch. 443 (A.B.938), § 1.)

DIVISION 5. PERSONNEL
PART 2. CIVIL SERVICE
CHAPTER 5. APPOINTMENTS

Article 4. Personal Services Contracts

§19130. The purpose of this article is to establish standards for the use of personal services contracts.

(a) Personal services contracting is permissible to achieve cost savings when all the following conditions are met:

(1) The contracting agency clearly demonstrates that the proposed contract will result in actual overall cost savings to the state, provided that:

(A) In comparing costs, there shall be included the state's additional cost of providing the same service as proposed by a contractor. These additional costs shall include the salaries and benefits of additional staff that would be needed and the cost of additional space, equipment, and materials needed to perform the function.

(B) In comparing costs, there shall not be included the state's indirect overhead costs unless these costs can be attributed solely to the function in question and would not exist if that function was not performed in state service. Indirect overhead costs shall mean the pro rata share of existing administrative salaries and benefits, rent, equipment costs, utilities, and materials.

(C) In comparing costs, there shall be included in the cost of a contractor providing a service any continuing state costs that would be directly associated with the contracted function. These continuing state costs shall include, but not be limited to, those for inspection, supervision, and monitoring.

(2) Proposals to contract out work shall not be approved solely on the basis that savings will result from lower contractor pay rates or benefits. Proposals to contract out work shall be eligible for approval if the contractor's wages are at the industry's level and do not significantly undercut state pay rates.

(3) The contract does not cause the displacement of civil service employees. The term "displacement" includes layoff, demotion, involuntary transfer to a new class, involuntary transfer to a new location requiring a change of residence, and time base reductions. Displacement does not include changes in shifts or days off, nor does it include reassignment to other positions within the same class and general location.

- (4) The contract does not adversely affect the state's affirmative action efforts.
 - (5) The savings shall be large enough to ensure that they will not be eliminated by private sector and state cost fluctuations that could normally be expected during the contracting period.
 - (6) The amount of savings clearly justify the size and duration of the contracting agreement.
 - (7) The contract is awarded through a publicized, competitive bidding process.
 - (8) The contract includes specific provisions pertaining to the qualifications of the staff that will perform the work under the contract, as well as assurance that the contractor's hiring practices meet applicable nondiscrimination, affirmative action standards.
 - (9) The potential for future economic risk to the state from potential contractor rate increases is minimal.
 - (10) The contract is with a firm. A "firm" means a corporation, partnership, nonprofit organization, or sole proprietorship.
 - (11) The potential economic advantage of contracting is not outweighed by the public's interest in having a particular function performed directly by state government.
- (b) Personal services contracting also shall be permissible when any of the following conditions can be met:
- (1) The functions contracted are exempted from civil service by Section 4 of Article VII of the California Constitution, which describes exempt appointments.
 - (2) The contract is for a new state function and the Legislature has specifically mandated or authorized the performance of the work by independent contractors.
 - (3) The services contracted are not available within civil service, cannot be performed satisfactorily by civil service employees, or are of such a highly specialized or technical nature that the necessary expert knowledge, experience, and ability are not available through the civil service system.
 - (4) The services are incidental to a contract for the purchase or lease of real or personal property. Contracts under this criterion, known as "service agreements," shall include, but not be limited to, agreements to service or maintain office equipment or computers that are leased or rented.
 - (5) The legislative, administrative, or legal goals and purposes cannot be accomplished through the utilization of persons selected pursuant to the regular civil service system. Contracts are permissible under this criterion to protect against a conflict of interest or to insure independent and unbiased findings in cases where there is a clear need for a different, outside perspective. These contracts shall include, but not be limited to, obtaining expert witnesses in litigation.
 - (6) The nature of the work is such that the Government Code standards for emergency appointments apply. These contracts shall conform with Article 8 (commencing with Section 19888) of Chapter 2.5 of Part 2.6.
 - (7) State agencies need private counsel because a conflict of interest on the part of the Attorney General's office prevents it from representing the agency without compromising its position. These contracts shall require the written consent of the Attorney General, pursuant to Section 11040.
 - (8) The contractor will provide equipment, materials, facilities, or support services that could not feasibly be provided by the state in the location where the services are to be performed.
 - (9) The contractor will conduct training courses for which appropriately qualified civil service instructors are not available, provided that permanent instructor positions in academies or similar settings shall be filled through civil service appointment.
 - (10) The services are of such an urgent, temporary, or occasional nature that the delay incumbent in their implementation under civil service would frustrate their very purpose.
- (c) All persons who provide services to the state under conditions the board determines constitute an employment relationship shall, unless exempted from civil service by Section 4 of Article VII of the California Constitution, be retained under an appropriate civil service appointment.

(Added by Stats.1982, Ch. 1057, § 1. Amended by Stats.1985, Ch. 794, § 22.)

§19131. Any state agency proposing to execute a contract pursuant to subdivision (a) of Section 19130 shall notify the State Personnel Board of its intention. All organizations that represent state employees who perform the type of work to be contracted, and any person or organization which has filed with the board a request for notice, shall be contacted immediately by the State Personnel Board upon receipt of this notice so that they may be given a reasonable opportunity to comment on the proposed contract. Departments or agencies submitting proposed contracts shall retain and provide all data and other information relevant to the contracts and necessary for a specific application of the standards set forth in subdivision (a) of Section 19130. Any employee organization may request, within 10 days of notification, the State Personnel Board to review any contract proposed or executed pursuant to subdivision (a) of Section 19130. The review shall be conducted in accordance with subdivision (b) of Section 10337 of the Public Contract Code. Upon such a request, the State Personnel Board shall review the contract for compliance with the standards specified in subdivision (a) of Section 19130.

(Added by Stats.1982, Ch. 1057, § 1. Amended by Stats.1983, Ch. 142, § 53; Stats.1992, Ch. 1302 (A.B.3107), § 13.)

§19132. The State Personnel Board, at the request of an employee organization that represents state employees, shall review the adequacy of any proposed or executed contract which is of a type enumerated in subdivision (b) of Section 19130. The review shall be conducted in accordance with subdivision (c) of Section 10337 of the Public Contract Code. However, a contract that was reviewed at the request of an employee organization when it was proposed need not be reviewed again after its execution.

(Added by Stats.1982, Ch. 1057, § 1. Amended by Stats.1983, Ch. 142, § 54; Stats.1992, Ch. 1302 (A.B.3107), § 14.)

DIVISION 4. FISCAL AFFAIRS
PART 2.6. PERSONNEL ADMINISTRATION
CHAPTER 2.5. DAYS AND HOURS OF WORK
Article 10. Activities

§19990. A state officer or employee shall not engage in any employment, activity, or enterprise which is clearly inconsistent, incompatible, in conflict with, or inimical to his or her duties as a state officer or employee.

Each appointing power shall determine, subject to approval of the department, those activities which, for employees under its jurisdiction, are inconsistent, incompatible or in conflict with their duties as state officers or employees. Activities and enterprises deemed to fall in these categories shall include, but not be limited to, all of the following:

(a) Using the prestige or influence of the state or the appointing authority for the officer's or employee's private gain or advantage or the private gain of another.

(b) Using state time, facilities, equipment, or supplies for private gain or advantage.

(c) Using, or having access to, confidential information available by virtue of state employment for private gain or advantage or providing confidential information to persons to whom issuance of this information has not been authorized.

(d) Receiving or accepting money or any other consideration from anyone other than the state for the performance of his or her duties as a state officer or employee.

(e) Performance of an act in other than his or her capacity as a state officer or employee knowing that the act may later be subject, directly or indirectly to the control, inspection, review, audit, or enforcement by the officer or employee.

(f) Receiving or accepting, directly or indirectly, any gift, including money, or any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value from anyone who is doing or is seeking to do business of any kind with the officer's or employee's appointing authority or whose activities are regulated or controlled by the appointing authority under circumstances from which it reasonably could be substantiated that the gift was intended to

influence the officer or employee in his or her official duties or was intended as a reward for any official actions performed by the officer or employee.

(g) Subject to any other laws, rules, or regulations as pertain thereto, not devoting his or her full time, attention, and efforts to his or her state office or employment during his or her hours of duty as a state officer or employee.

The department shall adopt rules governing the application of this section. The rules shall include provision for notice to employees prior to the determination of proscribed activities and for appeal by employees from such a determination and from its application to an employee. Until the department adopts rules governing the application of this section, as amended in the 1985 -86 Regular Session of the Legislature, existing procedures shall remain in full force and effect.

If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 3517.5, the memorandum of understanding shall be controlling without further legislative action, except that if such provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

(Added by Stats.1981, Ch. 230, § 55. Amended by Stats.1986, Ch. 1344, § 1.)

Title 9. Political Reform
Chapter 7. Conflicts of Interest
Article 4. Disqualification of Former State Officers and Employees

§87400. Unless the contrary is stated or clearly appears from the context, the definitions set forth in this section shall govern the interpretation of this article.

(a) "State administrative agency" means every state office, department, division, bureau, board and commission, but does not include the Legislature, the courts or any agency in the judicial branch of government.

(b) "State administrative official" means every member, officer, employee or consultant of a state administrative agency who as part of his or her official responsibilities engages in any judicial, quasi-judicial or other proceeding in other than a purely clerical, secretarial or ministerial capacity.

(c) "Judicial, quasi-judicial or other proceeding" means any proceeding, application, request for a ruling or other determination, contract, claim, controversy, investigation, charge, accusation, arrest or other particular matter involving a specific party or parties in any court or state administrative agency, including but not limited to any proceeding governed by Chapter 5 (commencing with Section 11500) of Division 3 of Title 2 of the Government Code.

(d) "Participated" means to have taken part personally and substantially through decision, approval, disapproval, formal written recommendation, rendering advice on a substantial basis, investigation or use of confidential information as an officer or employee, but excluding approval, disapproval or rendering of legal advisory opinions to departmental or agency staff which do not involve a specific party or parties.

(Added by Stats. 1980, Ch. 66.)

§87401. No former state administrative official, after the termination of his or her employment or term of office, shall for compensation act as agent or attorney for, or otherwise represent, any other person (other than the State of California) before any court or state administrative agency or any officer or employee thereof by making any formal or informal appearance, or by making any oral or written communication with the intent to influence, in connection with any judicial, quasi-judicial or other proceeding if both of the following apply:

(a) The State of California is a party or has a direct and substantial interest.

(b) The proceeding is one in which the former state administrative official participated.

(Added by Stats. 1980, Ch. 66.)

§87402. No former state administrative official, after the termination of his or her employment or term of office shall for compensation aid, advise, counsel, consult or assist in

representing any other person (except the State of California) in any proceeding in which the official would be prohibited from appearing under Section 87401.
(Added by Stats. 1980, Ch. 66.)

§87403. The prohibitions contained in Sections 87401 and 87402 shall not apply:

(a) To prevent a former state administrative official from making or providing a statement, which is based on the former state administrative official's own special knowledge in the particular area that is the subject of the statement, provided that no compensation is thereby received other than that regularly provided for by law or regulation for witnesses; or

(b) To communications made solely for the purpose of furnishing information by a former state administrative official if the court or state administrative agency to which the communication is directed makes findings in writing that:

(1) The former state administrative official has outstanding and otherwise unavailable qualifications;

(2) The former state administrative official is acting with respect to a particular matter which requires such qualifications; and

(3) The public interest would be served by the participation of the former state administrative official; or

(c) With respect to appearances or communications in a proceeding in which a court or state administrative agency has issued a final order, decree, decision or judgment but has retained jurisdiction if the state administrative agency of former employment gives its consent by determining that:

(1) At least five years have elapsed since the termination of the former state administrative official's employment or term of office; and

(2) The public interest would not be harmed.

(Added by Stats. 1980, Ch. 66.)

§87404. Upon the petition of any interested person or party, the court or the presiding or other officer, including but not limited to a hearing officer serving pursuant to Section 11512 of the Government Code, in any judicial, quasi-judicial or other proceeding, including but not limited to any proceeding pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code may, after notice and an opportunity for a hearing, exclude any person found to be in violation of this article from further participation, or from assisting or counseling any other participant, in the proceeding then pending before such court or presiding or other officer.

(Added by Stats. 1980, Ch. 66.)

§87405. The requirements imposed by this article shall not apply to any person who left government service prior to the effective date of this article except that any such person who returns to government service on or after the effective date of this article shall thereafter be covered thereby.

(Added by Stats. 1980, Ch. 66.)

§87406. (a) This section shall be known, and may be cited, as the Milton Marks Postgovernment Employment Restrictions Act of 1990.

(b) No Member of the Legislature, for a period of one year after leaving office, shall, for compensation, act as agent or attorney for, or otherwise represent, any other person by making any formal or informal appearance, or by making any oral or written communication, before the Legislature, any committee or subcommittee thereof, any present Member of the Legislature, or any officer or employee thereof, if the appearance or communication is made for the purpose of influencing legislative action.

(c) No elected state officer, other than a Member of the Legislature, for a period of one year after leaving office, shall, for compensation, act as agent or attorney for, or otherwise represent, any other person by making any formal or informal appearance, or by making any oral or written communication, before any state administrative agency, or any officer or employee thereof, if the appearance or communication is for the purpose of influencing administrative

action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, or contract, or the sale or purchase of goods or property. For purposes of this subdivision, an appearance before a "state administrative agency" does not include an appearance in a court of law, before an administrative law judge, or before the Worker's Compensation Appeals Board.

(d) (1) No designated employee of a state administrative agency, any officer, employee, or consultant of a state administrative agency who holds a position which entails the making, or participation in the making, of decisions which may foreseeably have a material effect on any financial interest, and no member of a state administrative agency, for a period of one year after leaving office or employment, shall, for compensation, act as agent or attorney for, or otherwise represent, any other person, by making any formal or informal appearance, or by making any oral or written communication, before any state administrative agency, or officer or employee thereof, for which he or she worked or represented during the 12 months before leaving office or employment, if the appearance or communication is made for the purpose of influencing administrative or legislative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, or contract, or the sale or purchase of goods or property. For purposes of this paragraph, an appearance before a state administrative agency does not include an appearance in a court of law, before an administrative law judge, or before the Worker's Compensation Appeals Board. The prohibition of this paragraph shall only apply to designated employees employed by a state administrative agency on or after January 7, 1991.

(2) For purposes of paragraph (1), a state administrative agency of a designated employee of the Governor's office includes any state administrative agency subject to the direction and control of the Governor.

(e) The prohibitions contained in subdivisions (b), (c), and (d) shall not apply to any individual subject to this section who is or becomes an officer or employee of another state agency, board, or commission if the appearance or communication is for the purpose of influencing legislative or administrative action on behalf of the state agency, board, or commission.

(f) This section shall become operative on January 1, 1991, but only if Senate Constitutional Amendment No. 32 of the 1989-90 Regular Session is approved by the voters.* With respect to Members of the Legislature whose current term of office on January 1, 1991, began in December 1988, this section shall not apply until January 1, 1993. (Amended by Stats. 1993, Ch. 230 (SB 230.)) * Approved by voters as Proposition 112, June 5, 1990.

§87406.1. (a) For purposes of this section, "district" means an air pollution control district or air quality management district and "district board" means the governing body of an air pollution control district or an air quality management district.

(b) No former member of a district board, and no former officer or employee of a district who held a position which entailed the making, or participation in the making, of decisions which may foreseeably have a material effect on any financial interest, shall, for a period of one year after leaving that office or employment, act as agent or attorney for, or otherwise represent, for compensation, any other person, by making any formal or informal appearance before, or by making any oral or written communication to, that district board, or any committee, subcommittee, or present member of that district board, or any officer or employee of the district, if the appearance or communication is made for the purpose of influencing regulatory action.

(c) Subdivision (b) shall not apply to any individual who is, at the time of the appearance or communication, a board member, officer, or employee of another district or an employee or representative of a public agency.

(d) This section applies to members and former members of district hearing boards. (Amended by Stats. 1994, Ch. 747 (AB 3214.))

§87407. No state administrative official, elected state officer, or designated employee of the Legislature shall make, participate in making, or use his or her official position to influence, any

governmental decision directly relating to any person with whom he or she is negotiating, or has any arrangement concerning, prospective employment.
(Amended by Stats. 1990, Ch. 84 (SB 1738.))

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BUSINESS AND PROFESSIONS CODE

DIVISION 3. PROFESSIONS AND VOCATIONS GENERALLY

CHAPTER 1. ACCOUNTANTS

Article 10. Volunteer Accounting Services

§5170. (a) The board may enter into a contract with a nonprofit organization controlled by licensees to provide volunteer accounting services within the state. The contract shall not exceed fifty thousand dollars (\$50,000) per year.

(b) It is the intent of the Legislature that the board provide funding to the contractor only to the extent that this funding does not adversely affect the board's ability to meet its consumer protection mandates.

(c) The board shall follow the contracting procedure set forth in the State Administrative Manual. The contract shall emphasize a capacity and commitment to provide a structure for the provision of a volunteer community assistance program within the accounting profession. These services shall be available throughout the state and shall provide the assistance of volunteers to serve nonprofit organizations that are unable to afford to pay professional accounting fees. Volunteer assistance shall include, but need not be limited to, both of the following:

(1) Installation, evaluation, or revision of accounting systems, preparation of tax returns, financial reports, budgets, and applications for tax exemption, projection of cash flows, review of internal control and reporting systems, training on accounting systems operation, and evaluation of computer needs.

(2) Matching accountants willing to serve on the board of directors or trustees of a nonprofit organization with those groups in need of those persons.

(d) The contractor shall report program results to the board quarterly and to the Legislature annually.

(e) The board may use funds in the Accountancy Fund to pay the costs of the contract authorized pursuant to this section upon appropriation in the Budget Act.

(f) Payments under any contract shall be made on a quarterly basis in advance.

(Added by Stats. of 1998, Ch. 611, (AB 508, Takasugi)).

§5171. (a) An audit of the contract authorized pursuant to Section 5170 shall be performed annually by an independent auditor in accordance with generally accepted auditing standards.

(b) The cost of the audit shall be paid from funds appropriated by the board as part of the contract authorized pursuant to Section 5170.

(c) An audit report shall be prepared upon completion of the audit and shall be submitted to the board within 120 days after the close of the fiscal year.

(Added by Stats. of 1998, Ch. 611, (AB 508, Takasugi)).

§5172. This article shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2004, deletes or extends that date.

(Added by Stats. of 1998, Ch. 611, (AB 508, Takasugi)).

CHAPTER 7. PROFESSIONAL ENGINEERS

Article 1. General Provisions

§6706.3 Any reference in any law or regulation to a **registered** engineer, or to a registered civil, electrical, or mechanical engineer, is deemed to refer to a **licensed** engineer, or to a licensed civil, electrical, or mechanical engineer, as the case may be.

(Added by Stats. of 1998, Ch. 59, (AB 969, Cardenas)).

Article 3. Application of this Chapter (7)

§6732. It is unlawful for anyone other than a professional engineer licensed under this chapter to stamp or seal any plans, specifications, plats, reports, or other documents with the seal or stamp of a professional engineer, or in any manner, use the title "professional engineer," "licensed engineer," "registered engineer," or "consulting engineer," or any of the following branch titles: "agricultural engineer," "chemical engineer," "civil engineer," "control system engineer," "electrical engineer," "fire protection engineer," "industrial engineer," "manufacturing engineer," "mechanical engineer," "metallurgical engineer," "nuclear engineer," "petroleum engineer," or "traffic engineer," or any combination of these words and phrases or abbreviations thereof unless licensed under this chapter.
(Amended by Stats. of 1998, Ch. 59, (AB 969, Cardenas)).

§6732.3. (a) Any person who has received from the board a registration or license in corrosion, quality, or safety engineering, and who holds a valid registration or license to practice professional engineering under this chapter, may continue to use the branch title of the branch in which the professional engineer is legally registered. A person holding a registration in corrosion, quality, or safety engineering is subject to the registration or license renewal provisions of this chapter.
(b) The professional engineer also may continue to use the title of "professional engineer," "licensed engineer," "registered engineer," or "consulting engineer."
(Added by Stats. of 1998, Ch. 59, (AB 969, Cardenas)).

§6732.4. Notwithstanding any other provision of law, any person who has applied for registration as a corrosion, quality, or safety engineer, and who has completed the written examination in one or more of these branch titles prior to January 1, 1999, shall be issued a registration in the branch title for which the applicant was examined, provided that he or she has met all other qualifications for registration. The board shall not administer any examination for registration as a corrosion, quality, or safety engineer on or after January 1, 1999.
(Added by Stats. of 1998, Ch. 59, (AB 969, Cardenas)).

CHAPTER 9. CONTRACTORS

Article 2. Application of Chapter

§7028.7. If upon inspection or investigation, either upon complaint or otherwise, the registrar has probable cause to believe that a person is acting in the capacity of or engaging in the business of a contractor within this state without having a license in good standing to so act or engage, and the person is not otherwise exempted from this chapter, the registrar shall issue a citation to that person. Within 72 hours of receiving notice that a public entity is intending to award, or has awarded, a contract to an unlicensed contractor, the registrar shall give written notice to the public entity that a citation may be issued if a contract is awarded to an unlicensed contractor. If after receiving the written notice from the registrar the public entity has awarded or awards the contract to an unlicensed contractor the registrar may issue a citation to the responsible officer or employee of the public entity as specified in Section 7028.15. Each citation shall be in writing and shall describe with particularity the basis of the citation. Each citation shall contain an order of abatement and an assessment of a civil penalty in an amount not less than two hundred dollars (\$200) nor more than fifteen thousand dollars (\$15,000).

With the approval of the Contractors' State License Board the registrar shall prescribe procedures for the issuance of a citation under this section. The Contractors' State License Board shall adopt regulations covering the assessment of a civil penalty which shall give due consideration to the gravity of the violation, and any history of previous violations. The sanctions authorized under this section shall be separate from, and in addition to, all other remedies either civil or criminal.

(Added by Stats.1986, Ch. 995, § 3, operative Jan. 1, 1988. Amended by Stats.1990, Ch. 774, (S.B.1079), §1, effective Sept. 13, 1990; Stats.1991, Ch. 785 (A.B.800), § 1; Stats.1992, Ch. 606 (A.B.3240), § 1.

Article 5. Licensing

§7071.17. (a) Notwithstanding any other provision of law, the board shall require, as a condition precedent to accepting an application for licensure, renewal, reinstatement, or to change officers or other personnel of record, that an applicant, previously found to have failed or refused to pay a contractor, subcontractor, consumer, materials supplier, or employee based on an entered and unsatisfied final judgment from a court of law, file or have on file with the board a judgment bond sufficient to guarantee payment of an amount equal to the unsatisfied final judgment or judgments. The applicant shall have 90 days from the date of notification by the board to file the bond or the application shall become void and the applicant shall reapply for issuance, reinstatement, or reactivation of a license. The board may not issue, reinstate, or reactivate a license until the judgment bond is filed with the board. The judgment bond is in addition to the contractor's bond. The bond shall be on file for a minimum of one year, after which the bond may be removed by submitting proof of satisfaction of all debts. The applicant may provide the board with a notarized copy of any accord, reached with any individual holding an unsatisfied final judgment, to satisfy a debt in lieu of filing the bond. The board shall include on the license application for issuance, reinstatement, or reactivation, a statement, to be made under penalty of perjury, as to whether there are any entered and unsatisfied judgments against the applicant on behalf of contractors, subcontractors, consumers, materials suppliers, or the applicant's employees. Notwithstanding any other provision of law, if it is found that the applicant falsified the statement then the license will be retroactively suspended to the date of issuance and the license will stay suspended until the judgment bond, satisfaction of judgment, or notarized copy of an accord reached with any individual holding an unsatisfied final judgment is filed.

(b) Notwithstanding any other provision of law, the licensee shall notify the registrar in writing of any entered and unsatisfied judgments within 90 days from the date of judgment. If the licensee fails to notify the registrar in writing within 90 days, the license shall be automatically suspended on the date that the registrar is informed, or is made aware of the unsatisfied judgment. The suspension shall not be removed until proof of satisfaction of judgment, or in lieu thereof, a notarized copy of an accord is submitted to the registrar. If the licensee notifies the registrar in writing within 90 days of the date of judgment of any entered and unsatisfied judgments, the board shall require as a condition to the continual maintenance of the license that the licensee file or have on file with the board a judgment bond sufficient to guarantee payment of an amount equal to the unsatisfied judgment or judgments. The licensee has 90 days from date of notification by the board to file the bond or at the end of the 90 days the license shall be automatically suspended. The licensee may provide the board with a notarized copy of any accord, reached with any individual holding an unsatisfied final judgment, to satisfy a debt in lieu of filing the bond.

(c) By operation of law, failure to maintain the bond or failure to abide by the accord shall result in the automatic suspension of any license to which this section applies.

(d) A license that is suspended for failure to file the bond, maintain the bond, or abide by the accord, can only be reinstated when proof of satisfaction of all debts is made, or when a notarized copy of an accord, reached with any individual holding an unsatisfied final judgment, has been filed.

(e) This section applies only with respect to an unsatisfied judgment that is substantially related to the construction activities of a licensee licensed under this chapter, or to the qualifications, functions, or duties of the license.

(f) This section shall not apply to an applicant or licensee when a bankruptcy proceeding has been filed.

(g) Except as otherwise provided, the judgment bond shall remain in full force in the amount posted until the entire debt is satisfied. If, at the time of renewal, the licensee submits proof of partial satisfaction of the outstanding final judgment, the board may authorize the judgment bond be reduced to the amount of the unsatisfied portion of the outstanding judgment. When the licensee submits proof of satisfaction of all debts, the judgment bond requirement may be removed.

(h) The board shall take the actions required by this section upon notification by any party having knowledge of the outstanding judgment upon a showing of proof of the judgment.

(i) For the purposes of this section, the term "judgment" includes any final arbitration award.

(j) The qualifying person and any member of the licensee or personnel of the licensee named as a judgment debtor in an unsatisfied final judgment from a court of law shall be automatically prohibited from serving as an officer, director, associate, partner, owner, qualifying individual, or other personnel of record of another licensee. This prohibition shall cause the license of any other existing renewable licensed entity with any of the same personnel of record as the judgment debtor licensee to be suspended until the license of the judgment debtor is reinstated or until those same personnel of record disassociate themselves from the renewable licensed entity.

(k) For purposes of this section, a cash deposit may be submitted in lieu of the judgment bond. (Amended by Stats.1997, Ch. 469 (A.B.772), § 1.)

DIVISION 7. GENERAL BUSINESS REGULATIONS
PART 2. PRESERVATION AND REGULATION OF COMPETITION
CHAPTER 2. COMBINATIONS IN RESTRAINT OF TRADE
Article 2. Prohibited Restraints on Competition

§16720. A trust is a combination of capital, skill or acts by two or more persons for any of the following purposes:

(a) To create or carry out restrictions in trade or commerce.

(b) To limit or reduce the production, or increase the price of merchandise or of any commodity.

(c) To prevent competition in manufacturing, making, transportation, sale or purchase of merchandise, produce or any commodity.

(d) To fix at any standard or figure, whereby its price to the public or consumer shall be in any manner controlled or established, any article or commodity of merchandise, produce or commerce intended for sale, barter, use or consumption in this State.

(e) To make or enter into or execute or carry out any contracts, obligations or agreements of any kind or description, by which they do all or any or any combination of the following:

(1) Bind themselves not to sell, dispose of or transport any article or any commodity or any article of trade, use, merchandise, commerce or consumption below a common standard figure, or fixed value.

(2) Agree in any manner to keep the price of such article, commodity or transportation at a fixed or graduated figure.

(3) Establish or settle the price of any article, commodity or transportation between them or themselves and others, so as directly or indirectly to preclude a free and unrestricted competition among themselves, or any purchasers or consumers in the sale or transportation of any such article or commodity.

(4) Agree to pool, combine or directly or indirectly unite any interests that they may have connected with the sale or transportation of any such article or commodity, that its price might in any manner be affected.

§16721. Recognizing that the California Constitution prohibits a person from being disqualified from entering or pursuing a business, profession, vocation, or employment because of sex, race, creed, color, or national or ethnic origin, and guarantees the free exercise and enjoyment of religion without

discrimination or preference; and recognizing that these and other basic, fundamental constitutional principles are directly affected and denigrated by certain on-going practices in the business and commercial world, it is necessary that provisions protecting and enhancing a person's right to enter or pursue business and to freely exercise and enjoy religion, consistent with law, be established.

(a) No person within the jurisdiction of this state shall be excluded from a business transaction on the basis of a policy expressed in any document or writing and imposed by a third party where such policy requires discrimination against that person on the basis of the person's sex, race, color, religion, ancestry or national origin or on the basis that the person conducts or has conducted business in a particular location.

(b) No person within the jurisdiction of this state shall require another person to be excluded, or be required to exclude another person, from a business transaction on the basis of a policy expressed in any document or writing which requires discrimination against such other person on the basis of that person's sex, race, color, religion, ancestry or national origin or on the basis that the person conducts or has conducted business in a particular location.

(c) Any violation of any provision of this section is a conspiracy against trade.

(d) Nothing in this section shall be construed to prohibit any person, on this basis of his or her individual ideology or preferences, from doing business or refusing to do business with any other person consistent with law.

§16721.5. It is an unlawful trust and an unlawful restraint of trade for any person to do the following:

(a) Grant or accept any letter of credit, or other document which evidences the transfer of funds or credit, or enter into any contract for the exchange of goods or services, where the letter of credit, contract, or other document contains any provision which requires any person to discriminate against or to certify that he, she, or it has not dealt with any other person on the basis of sex, race, color, religion, ancestry, or national origin, or on the basis of a person's lawful business associations.

(b) To refuse to grant or accept any letter of credit, or other document which evidences the transfer of funds or credit, or to refuse to enter into any contract for the exchange of goods or services, on the ground that it does not contain such a discriminatory provision or certification.

The provisions of this section shall not apply to any letter of credit, contract, or other document which contains any provision pertaining to a labor dispute or an unfair labor practice if the other provisions of such letter of credit, contract, or other document do not otherwise violate the provisions of this section.

For the purposes of this section, the prohibition against discrimination on the basis of a person's business associations shall be deemed not to include the requiring of association with particular employment or a particular group as a prerequisite to obtaining group rates or discounts on insurance, recreational activities, or other similar benefits.

For purposes of this section, "person" shall include, but not be limited to, individuals, firms, partnerships, associations, corporations, and governmental agencies.

§16721.6. It is the intent of the Legislature that Sections 16721 and 16721.5 be interpreted and applied so as not to conflict with federal law with respect to transactions in the interstate or foreign commerce of the United States to the extent, if any, not preempted by the Export Administration Act of 1969 as amended (50 U.S.C. App. Sec. 2401 and following) and any regulations promulgated thereunder.

§16722. Any contract or agreement in violation of this chapter is absolutely void and is not enforceable at law or in equity.

§16725. It is not unlawful to enter into agreements or form associations or combinations, the purpose and effect of which is to promote, encourage or increase competition in any trade or industry, or which are in furtherance of trade.

§16726. Except as provided in this chapter, every trust is unlawful, against public policy and void.

§16727. It shall be unlawful for any person to lease or make a sale or contract for the sale of goods, merchandise, machinery, supplies, commodities for use within the State, or to fix a price charged therefor, or discount from, or rebate upon, such price, on the condition, agreement or understanding that the lessee or purchaser thereof shall not use or deal in the goods, merchandise, machinery, supplies, commodities, or services of a competitor or competitors of the lessor or seller, where the effect of such lease, sale, or contract for sale or such condition, agreement or understanding may be to substantially lessen competition or tend to create a monopoly in any line of trade or commerce in any section of the State.

§16728. (a) Notwithstanding any other provision of law, motor carriers of property, as defined in Section 34601 of the Vehicle Code, may voluntarily elect to participate in uniform cargo liability rules, uniform bills of lading or receipts for property being transported, uniform cargo credit rules, joint line rates or routes, classifications, mileage guides, and pooling. Motor carriers of property that so elect shall comply with all requirements of Section 14501(c) of Title 49 of the United States Code and with federal regulations promulgated pursuant to that section. The Legislature intends by this section to provide to motor carriers of property the antitrust immunity authorized by state action pursuant to Section 14501(c) of Title 49 of the United States Code.

(b) The election authorized by this section shall be exercised in either of the following ways:

(1) Participation in an agreement pursuant to Section 13703 of Title 49 of the United States Code.

(2) Filing with the Department of Motor Vehicles a notice of adoption of any or all of the uniform cargo liability rules, uniform bills of lading or receipts for property being transported, uniform cargo credit rules, joint rates or routes, classifications, mileage guides, and pooling contained in an identified publication authorized by Section 13703 of Title 49 of the United States Code, along with a written certification issued by the organization establishing those uniform rules or provisions in accordance with Section 13703(g)(1)(B) of Title 49 of the United States Code, affirming participation of the motor carrier of property in the collective publication. The certification shall be made available for public inspection.

(c) The elections made by a motor carrier of property pursuant to this section may be canceled by the motor carrier.

(Amended by Stats. 1998, Ch. 829 (SB 1652.))

CIVIL CODE

TITLE 1.8 PERSONAL DATA CHAPTER 1. INFORMATION PRACTICES ACT OF 1997 Article 5. Agency Requirements.

§1798.14. Each agency shall maintain in its records only personal information which is relevant and necessary to accomplish a purpose of the agency required or authorized by the California Constitution or statute or mandated by the federal government.
(Amended by Stats. 1985, Ch. 595.)

§1798.15. Each agency shall collect personal information to the greatest extent practicable directly from the individual who is the subject of the information rather than from another source.
(Amended by Stats. 1985, Ch. 595.)

§1798.16. (a) Whenever an agency collects personal information, the agency shall maintain the source or sources of the information, unless the source is the data subject or he or she has received a copy of the source document, including, but not limited to, the name of any source who is an individual acting in his or her own private or individual capacity. If the source is an agency, governmental entity or other organization, such as a corporation or association, this requirement can be met by maintaining the name of the agency, governmental entity, or organization, as long as the smallest reasonably identifiable unit of that agency, governmental entity, or organization is named.

(b) Whenever an agency electronically collects personal information, as defined by Section 11015.5 of the Government Code, the agency shall retain the source or sources or any intermediate form of the information, if either are created or possessed by the agency, unless the source is the data subject that has requested that the information be discarded or the data subject has received a copy of the source document.

(c) The agency shall maintain the source or sources of the information in a readily accessible form so as to be able to provide it to the data subject when they inspect any record pursuant to Section 1798.34. This section shall not apply if the source or sources are exempt from disclosure under the provisions of this chapter.
(Amended by Stats. of 1998, Ch. 429, (SB 1386, Leslie)).

§1798.17. Each agency shall provide on or with any form used to collect personal information from individuals the notice specified in this section. When contact with the individual is of a regularly recurring nature, an initial notice followed by a periodic notice of not more than one-year intervals shall satisfy this requirement. This requirement is also satisfied by notification to individuals of the availability of the notice in annual tax-related pamphlets or booklets provided for them. The notice shall include all of the following:

(a) The name of the agency and the division within the agency that is requesting the information.

(b) The title, business address, and telephone number of the agency official who is responsible for the system of records and who shall, upon request, inform an individual regarding the location of his or her records and the categories of any persons who use the information in those records.

(c) The authority, whether granted by statute, regulation, or executive order which authorizes the maintenance of the information.

(d) With respect to each item of information, whether submission of such information is mandatory or voluntary.

(e) The consequences, if any, of not providing all or any part of the requested information.

(f) The principal purpose or purposes within the agency for which the information is to be used.

(g) Any known or foreseeable disclosures which may be made of the information pursuant to subdivision (e) or (f) of Section 1798.24.

(h) The individual's right of access to records containing personal information which are maintained by the agency. This section does not apply to any enforcement document issued by an employee of a law enforcement agency in the performance of his or her duties wherein the violator is provided an exact copy of the document, or to accident reports whereby the parties of interest may obtain a copy of the report pursuant to Section 20012 of the Vehicle Code.

The notice required by this section does not apply to agency requirements for an individual to provide his or her name, identifying number, photograph, address, or similar identifying information, if this information is used only for the purpose of identification and communication with the individual by the agency, except that requirements for an individual's social security number shall conform with the provisions of the Federal Privacy Act of 1974 (Public Law 93-579).

(Amended by Stats. 1985, Ch. 595.)

§1798.18. Each agency shall maintain all records, to the maximum extent possible, with accuracy, relevance, timeliness, and completeness.

Such standard need not be met except when such records are used to make any determination about the individual. When an agency transfers a record outside of state government, it shall correct, update, withhold, or delete any portion of the record that it knows or has reason to believe is inaccurate or untimely.

(Added by Stats. 1977, Ch. 709.)

§1798.19. Each agency when it provides by contract for the operation or maintenance of records containing personal information to accomplish an agency function, shall cause, consistent with its authority, the requirements of this chapter to be applied to those records. For purposes of Article 10 (commencing with Section 1798.55), any contractor and any employee of the contractor, if the contract is agreed to on or after July 1, 1978, shall be considered to be an employee of an agency. Local government functions mandated by the state are not deemed agency functions within the meaning of this section.

(Amended by Stats. 1985, Ch. 595.)

§1798.20. Each agency shall establish rules of conduct for persons involved in the design, development, operation, disclosure, or maintenance of records containing personal information and instruct each such person with respect to such rules and the requirements of this chapter, including any other rules and procedures adopted pursuant to this chapter and the remedies and penalties for noncompliance.

(Amended by Stats. 1985, Ch. 595.)

§1798.21. Each agency shall establish appropriate and reasonable administrative, technical, and physical safeguards to ensure compliance with the provisions of this chapter, to ensure the security and confidentiality of records, and to protect against anticipated threats or hazards to their security or integrity which could result in any injury.

(Added by Stats. 1977, Ch. 709.)

§1798.22. Each agency shall designate an agency employee to be responsible for ensuring that the agency complies with all of the provisions of this chapter.

(Added by Stats. 1977, Ch. 709.)

§1798.23. The Department of Justice shall review all personal information in its possession every five years commencing July 1, 1978, to determine whether it should continue to be exempt from access pursuant to Section 1798.40.
(Amended by Stats. 1985, Ch. 595.)

EDUCATION CODE

TITLE 3. POSTSECONDARY EDUCATION DIVISION 7. COMMUNITY COLLEGES PART 43. THE CALIFORNIA COMMUNITY COLLEGES

§70901. (a) The Board of Governors of the California Community Colleges shall provide leadership and direction in the continuing development of the California Community Colleges as an integral and effective element in the structure of public higher education in the state. The work of the board of governors shall at all times be directed to maintaining and continuing, to the maximum degree permissible, local authority and control in the administration of the California Community Colleges.

(b) Subject to, and in furtherance of, subdivision (a), and in consultation with community college districts and other interested parties as specified in subdivision (e), the board of governors shall provide general supervision over community college districts, and shall, in furtherance thereof, perform the following functions:

(1) Establish minimum standards as required by law, including, but not limited to, the following:

(A) Minimum standards to govern student academic standards relating to graduation requirements and probation, dismissal, and readmission policies.

(B) Minimum standards for the employment of academic and administrative staff in community colleges.

(C) Minimum standards for the formation of community colleges and districts.

(D) Minimum standards for credit and noncredit classes.

(E) Minimum standards governing procedures established by governing boards of community college districts to ensure faculty, staff, and students the right to participate effectively in district and college governance, and the opportunity to express their opinions at the campus level and to ensure that these opinions are given every reasonable consideration, and the right of academic senates to assume primary responsibility for making recommendations in the areas of curriculum and academic standards.

(2) Evaluate and issue annual reports on the fiscal and educational effectiveness of community college districts according to outcome measures cooperatively developed with those districts, and provide assistance when districts encounter severe management difficulties.

(3) Conduct necessary systemwide research on community colleges and provide appropriate information services, including, but not limited to, definitions for the purpose of uniform reporting, collection, compilation, and analysis of data for effective planning and coordination, and dissemination of information.

(4) Provide representation, advocacy, and accountability for the California Community Colleges before state and national legislative and executive agencies.

(5) Administer state support programs, both operational and capital outlay, and those federally supported programs for which the board of governors has responsibility pursuant to state or federal law. In so doing, the board of governors shall do the following:

(A) Annually prepare and adopt a proposed budget for the California Community Colleges. The proposed budget shall, at a minimum, identify the total revenue needs for serving educational needs within the mission, the amount to be expended for the state general apportionment, the amounts requested for various categorical programs established by law, the amounts requested for new programs and budget improvements, and the amount requested for systemwide administration.

The proposed budget for the California Community Colleges shall be submitted to the Department of Finance in accordance with established timelines for development of the annual Budget Bill.

(B) To the extent authorized by law, establish the method for determining and allocating the state general apportionment.

(C) Establish space and utilization standards for facility planning in order to determine eligibility for state funds for construction purposes.

(6) Establish minimum conditions entitling districts to receive state aid for support of community colleges. In so doing, the board of governors shall establish and carry out a periodic review of each community college district to determine whether it has met the minimum conditions prescribed by the board of governors.

(7) Coordinate and encourage interdistrict, regional, and statewide development of community college programs, facilities, and services.

(8) Facilitate articulation with other segments of higher education with secondary education.

(9) Review and approve comprehensive plans for each community college district. The plans shall be submitted to the board of governors by the governing board of each community college district.

(10) Review and approve all educational programs offered by community college districts, and all courses that are not offered as part of an educational program approved by the board of governors.

(11) Exercise general supervision over the formation of new community college districts and the reorganization of existing community college districts, including the approval or disapproval of plans therefor.

(12) Notwithstanding any other provision of law, be solely responsible for establishing, maintaining, revising, and updating, as necessary, the uniform budgeting and accounting structures and procedures for the California Community Colleges.

(13) Establish policies regarding interdistrict attendance of students.

(14) Advise and assist governing boards of community college districts on the implementation and interpretation of state and federal laws affecting community colleges.

(15) Contract for the procurement of goods and services, as necessary .

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(16) Carry out other functions as expressly provided by law.

(c) Subject to, and in furtherance of, subdivision (a), the board of governors shall have full authority to adopt rules and regulations necessary and proper to execute the functions specified in this section as well as other functions that the board of governors is expressly authorized by statute to regulate.

(d) Wherever in this section or any other statute a power is vested in the board of governors, the board of governors, by a majority vote, may adopt a rule delegating that power to the chancellor, or any officer, employee, or committee of the California Community Colleges, or community college district, as the board of governors may designate. However, the board of governors shall not delegate any power that is expressly made nondelegable by statute. Any rule delegating authority shall prescribe the limits of delegation.

(e) In performing the functions specified in this section, the board of governors shall establish and carry out a process for consultation with institutional representatives of community college districts so as to ensure their participation in the development and review of policy proposals. The consultation process shall also afford community college organizations, as well as interested individuals and parties, an opportunity to review and comment on proposed policy before it is adopted by the board of governors. (Amended by Stats. of 1998, Ch. 1023, (AB 2329, Firestone)).

DIVISION 8. CALIFORNIA STATE UNIVERSITY
PART 55. CALIFORNIA STATE UNIVERSITY
CHAPTER 1. GENERAL PROVISIONS
Article 2. Powers of the Trustees

§89036. (a) The trustees may enter into agreements with any public or private agency, officer, person, or institution, corporation, association, or foundation for the performance of acts or for the furnishing of services, facilities, materials, or equipment by or for the trustees or for the joint performance of any act or function or the joint furnishing of services and facilities by the trustees and the other party to the agreement.

The trustees may enter into agreements with the federal government or any agency thereof in accordance with the procedures prescribed by the federal government or agency in order to receive the benefits of any federal statute extending benefits to the California State University or to the California State University students, including, but not limited to:

(1) Agreements with any agency of the federal government for the education of persons in the services of the federal government.

(2) Agreements with any agency of the federal government for the education of veterans. These agreements shall provide for payment of the maximum amount permitted under the act, or acts, of Congress under which the agreement is entered into.

Notwithstanding any other law, the trustees have all power necessary to perform such acts and comply with conditions required or imposed by the federal government in order to receive the benefits. The trustees are vested with all necessary power and authority to cooperate with any such agency of the federal government in the administration of any applicable act of Congress and rules and regulations adopted thereunder.

(b) Notwithstanding any other law, the trustees have all power necessary to award contracts to one or more contractors, at any one or more campuses, for the collection of delinquent education loans required to be repaid under federal law.

(Amended by Stats.1992, Ch. 237 (A.B.2399), § 1, eff. July 20, 1992; Stats.1995, Ch. 758 (AB 446), § 251.)

FOOD AND AGRICULTURE CODE

DIVISION 9. ANIMALS GENERALLY

PART 3. SLAUGHTERED ANIMALS

CHAPTER 6. SLAUGHTER

§19501. Cattle, calves, horses, mules, sheep, swine, goats, or poultry shall be slaughtered by the methods prescribed in this section. No state agency shall contract for, purchase, procure, or sell all or any portion of any animal, unless that animal is slaughtered in conformity with this chapter. This chapter applies to any person engaged in the business of slaughtering animals enumerated in this section, or any person slaughtering any such animal when all, or any part of, that animal is subsequently sold or used for commercial purposes.

All cattle, calves, horses, mules, sheep, swine, goats, or poultry shall be slaughtered by either of the following prescribed methods:

(a) The animal shall be rendered insensible to pain by a captive bolt, gunshot, electrical or chemical means, or any other means that is rapid and effective before being cut, shackled, hoisted, thrown, or cast, with the exception of poultry which may be shackled.

(b) The animal shall be handled, prepared for slaughter, and slaughtered in accordance with ritual requirements of the Jewish or any other religious faith that prescribes a method of slaughter whereby the animal suffers loss of consciousness by anemia of the brain caused by the simultaneous and instantaneous severance of the carotid arteries with a sharp instrument.

This section does not apply to the slaughter of spent hens and small game birds, as defined by the department by regulation.

(Amended by Stats. 1991, Ch. 837 (AB 1000.))

HEALTH AND SAFETY CODE

DIVISION 104. ENVIRONMENTAL HEALTH

PART 3. PRODUCT SAFETY

CHAPTER 5. CONSUMER PRODUCTS

Article 4. Bucket Labeling

§108625. A manufacturer, distributor, or seller of plastic or metal four-gallon to six-gallon, inclusive, straight sided, slightly tapered, open head, industrial containers, as defined by the American Society for Testing and Materials (ASTM), intended for use, sale, distribution, or any other purpose within the state, irrespective of point of origin, shall ensure that each industrial container bears a warning label or labels, that shall be applied prior to release for shipment into the stream of commerce, and shall meet all of the following requirements:

(a) The label or labels shall be a permanent paper, plastic, silk screened, or an offset printed label and shall be easily removable only by the use of tools or a solvent.

(b) The label or labels shall be either of the following:

(1) One label of at least six inches in height, by at least two inches in width, and containing a minimum total area of at least 17 square inches. The label shall be placed on the side of the container near where the handle is inserted. The top half of the label shall be in English and the bottom half of the label shall be in Spanish; or

(2) Two labels of at least five inches in height, by two and three-quarters inches in width or any larger size as the labeler may voluntarily choose, and one label shall be placed on each side of the container near where the handle is inserted. The label on one side shall be in Spanish, and the label on the other side shall be in English.

(c) The label shall contain on a contrasting background both the word "WARNING" in block print and the words "Children Can Fall Into Bucket and Drown--Keep Children Away From Buckets With Even a Small Amount of Water."

(d) The label shall contain a picture of a child reaching into an industrial container and shall include an encircled slash and a triangle with an exclamation point upon a contrasting field before the word "WARNING".

(Added by Stats.1992, Ch. 1076 (A.B.2942), § 2, operative Sept. 1, 1993. Amended by Stats.1995, Ch. 176 (S.B.21), § 1, effective July 24, 1995. Former H&S Code § 24425 amended and renumbered by Stats.1996, Ch. 1023 (S.B.1497) § 207.)

§108630. Any person subject to the labeling requirements of this article is exempt from those requirements if the person has a label that is in substantial compliance with the requirements of this article.

(Amended by Stats.1995, Ch. 415 (S.B.1360).)

§108635 Any person who violates this article is guilty of a misdemeanor and shall be subject to Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code.

(Amended by Stats.1995, Ch. 415 (S.B.1360).)

§108640. This article shall become operative on September 1, 1993, and shall remain in effect unless or until preempted by federal law. Notwithstanding this section, any industrial containers, as defined in Section 108625, manufactured prior to September 1, 1993, shall not be subject to this article.

(Amended by Stats.1995, Ch. 415 (S.B.1360).)

INSURANCE CODE

DIVISION 3. INSURANCE COMMISSIONER
CHAPTER 1. POWERS AND DUTIES
Article 1. Generally

§12923.5. The commissioner shall have the authority to contract for the services of actuarial professionals as the commissioner deems necessary. These contracts shall not be subject to otherwise applicable provisions of the Government Code or the Public Contract Code that regulate contracting for services.

This section shall become inoperative on July 1, 1999, and, as of January 1, 2000, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2000, deletes or extends the dates on which it becomes inoperative and is repealed.

(Added by Stats. of 1998, Ch. 824, (AB 2595, Baugh)).

LABOR CODE

DIVISION 1. DEPARTMENT OF INDUSTRIAL RELATIONS CHAPTER 6. OCCUPATIONAL SAFETY AND HEALTH STANDARDS BOARD

§144.7. (a) The board shall, no later than January 15, 1999, adopt an emergency regulation revising the bloodborne pathogen standard currently set forth in Section 5193 of Title 8 of the California Code of Regulations in accordance with subdivision (b). Following adoption of the emergency regulation, the board shall complete the regulation adoption process and shall formally adopt a regulation embodying a bloodborne pathogen standard meeting the requirements of subdivision (b), which regulation shall become operative no later than August 1, 1999. Notwithstanding Section 11346.1 of the Government Code, the emergency regulation adopted pursuant to this subdivision shall remain in effect until the nonemergency regulation becomes operative or until August 1, 1999, whichever first occurs.

(b) The board shall adopt a standard, as described in subdivision (a), to be developed by the Division of Occupational Safety and Health. The standard shall include, but not be limited to, the following:

(1) A revised definition of "engineering controls" that includes sharps prevention technology including, but not limited to, needleless systems and needles with engineered sharps injury protection, which shall be defined in the standard.

(2) A requirement that sharps prevention technology specified in paragraph (1) be included as engineering or work practice controls, except in cases where the employer or other appropriate party can demonstrate circumstances in which the technology does not promote employee or patient safety or interferes with a medical procedure. Those circumstances shall be specified in the standard, and shall include, but not be limited to, circumstances where the technology is medically contraindicated or not more effective than alternative measures used by the employer to prevent exposure incidents.

(3) A requirement that written exposure control plans include an effective procedure for identifying and selecting existing sharps prevention technology of the type specified in paragraph (1).

(4) A requirement that written exposure control plans be updated when necessary to reflect progress in implementing the sharps prevention technology specified in paragraph (1).

(5) A requirement that information concerning exposure incidents be recorded in a sharps injury log, including, but not limited to, the type and brand of device involved in the incident.

(c) The Division of Occupational Safety and Health may consider and propose for adoption by the board additional revisions to the bloodborne pathogen standards to prevent sharps injuries or exposure incidents including, but not limited to, training requirements and measures to increase vaccinations.

(d) The Division of Occupational Safety and Health and the State Department of Health Services shall jointly compile and maintain a list of existing needleless systems and needles with engineered sharps injury protection, which shall be available to assist employers in complying with the requirements of the bloodborne pathogen standard adopted pursuant to this section. The list may be developed from existing sources of information, including, but not limited to, the federal Food and Drug Administration, the federal Centers for Disease Control, the National Institute of Occupational Safety and Health, and the United States Department of Veterans Affairs.

(Added by Stats. of 1998, Ch. 999, (AB 1208, Migden)).

DIVISION 2. EMPLOYMENT REGULATION AND SUPERVISION
PART 7. PUBLIC WORKS AND PUBLIC AGENCIES
CHAPTER 1. PUBLIC WORKS
Article 2. Wages

§1777.1. (a) Whenever a contractor or subcontractor performing a public works project pursuant to this chapter is found by the Labor Commissioner to be in violation of this chapter with intent to defraud, except Section 1777.5, the contractor or subcontractor or a firm, corporation, partnership, or association in which the contractor or subcontractor has a substantial interest shall be ineligible for a period of not less than one year or more than three years to do either of the following :

(1) Bid on or be awarded a contract for a public works project.

(2) Perform work as a subcontractor on a public works project.

(b) Whenever a contractor or subcontractor performing a public works project pursuant to this chapter is found by the Labor Commissioner to be in willful violation of this chapter, except Section 1777.5, the contractor or subcontractor or a firm, corporation, partnership, or association in which the contractor or subcontractor has a substantial interest shall be ineligible for a period up to three years for each second and subsequent violation occurring within three years of a separate and previous willful violation of this chapter to do either of the following :

(1) Bid on or be awarded a contract for a public works project.

(2) Perform work as a subcontractor on a public works project.

(c) A willful violation occurs when the contractor or subcontractor knew or reasonably should have known of his or her obligations under the public works law and deliberately fails or refuses to comply with its provisions.

Not less than semiannually, the Labor Commissioner shall publish and distribute to awarding bodies a list of contractors who are ineligible to bid on or be awarded a public works contract, or to perform work as a subcontractor on a public works project pursuant to this chapter. The list shall contain the name of the contractor, the Contractor's State License Board license number of the contractor, and the effective period of debarment of the contractor.

(d) The Labor Commissioner shall adopt rules and regulations for the administration and enforcement of this section, the definition of terms, and appropriate penalties.

(Amended by Stats. 1998, Ch. 443 (AB 1569, Assembly Committee on Labor and Employment)).

MILITARY AND VETERANS CODE

DIVISION 4. VETERANS' AID AND WELFARE CHAPTER 6. STATE BENEFITS FOR VETERANS

Article 6. Disabled Veteran Participation Goals for Professional Bond Services and State Contracts

§999. As used in this article, the following definitions apply:

(a) "Administering agency" means the Treasurer in the case of contracts for professional bond services, and the Office of Small and Minority Business in the case of contracts governed by Section 999.2.

(b) "Awarding department" means any agency, department, constitutional officer, governmental entity, or other officer or entity of the state empowered by law to issue bonds or enter into contracts on behalf of the State of California.

(c) "Bonds" means bonds, notes, warrants, certificates of participation, and other evidences of indebtedness issued by or on behalf of the State of California.

(d) "Contract" includes any contract, agreement, or joint agreement to provide professional bond services to the State of California or an awarding department. "Contract" also includes any agreement or joint development agreement to provide labor, services, material, supplies, or equipment in the performance of a contract, franchise, concession, or lease granted, let, or awarded for and on behalf of the State of California.

(e) "Contractor" means any person or persons, regardless of race, color, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, or age, or any sole proprietorship, firm, partnership, joint venture, corporation, or combination thereof who submits a bid and enters into a contract with a representative of a state agency, department, governmental entity, or other officer empowered by law to enter into contracts on behalf of the State of California. "Contractor" includes any provider of professional bond services who enters into a contract with an awarding department.

(f) "Disabled veteran" means a veteran of the military, naval, or air service of the United States, including, but not limited to, the Philippine Commonwealth Army, the Regular Scouts ("Old Scouts"), and the Special Philippine Scouts ("New Scouts"), with a service-connected disability who is a resident of the State of California.

(g) "Disabled veteran business enterprise" means a business concern certified by the administering agency as meeting all of the following requirements:

(1) It is a sole proprietorship at least 51 percent owned by one or more disabled veterans or, in the case of a publicly owned business, at least 51 percent of its stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation, but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.

(2) The management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business concern.

(3) It is a sole proprietorship, corporation, or partnership with its home office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.

(h) "Foreign corporation," "foreign firm," and "foreign-based business" means a business entity that is incorporated or has its principal headquarters located outside the United States of America.

(i) "Goal" means a numerically expressed objective that awarding departments are required to make efforts to achieve. Contractors are required to meet these goals if the state includes this requirement as an obligation of the contract.

(j) "Management and control" means effective and demonstrable management of the business entity.

(k) "Professional bond services" include services as financial advisers, bond counsel, underwriters in negotiated transactions, underwriter's counsel, financial printers, feasibility consultants, and other professional services related to the issuance and sale of bonds.

(Added by Stats.1989, Ch. 1207, § 1. Amended by Stats.1991, Ch. 291 (S.B.1034), § 1; Stats.1991, Ch. 567 (A.B.835), § 2, eff. Oct. 7, 1991; Stats.1992, Ch. 1328 (A.B.2318), § 1; Stats.1996, Ch. 768 (A.B.2161), § 5.)

§999.1. (a) (1) Notwithstanding any other provision of law, each awarding department shall have annual statewide participation goals of not less than 3 percent for disabled veteran business enterprises for contracts entered into by the awarding department during the year for professional bond services. This section shall not apply if a contract for professional bond services of an underwriter is to be obtained by competitive bid. However, each awarding department shall establish goals for contracts to be obtained by competitive bid for professional bond services.

(2) These goals shall apply to the overall dollar amount expended by the awarding department with respect to the contracts for professional bond services relating to the issuance of bonds by the awarding department, including amounts spent as underwriter's discounts.

(b) In attempting to meet the goals set forth in subdivision (a), the awarding department shall consider establishing cocounsel, joint venture, and subcontracting relationships, including disabled veteran business enterprises, in all contracts for professional bond services. It shall be the responsibility of the head of each awarding department to be supportive of the Treasurer's program for assigning representative portions of professional bond services contracts for purposes of meeting the goals established pursuant to this section. However, nothing in this article shall preclude the awarding department from achieving the goals set forth in this section without requiring joint ventures, cocounsel, or subcontracting arrangements.

(c) This section shall not limit the ability of any awarding department to meet a goal higher than those set forth in subdivision (a) for the participation of disabled veteran business enterprises in contracts awarded by the awarding department.

(Added by Stats.1989, Ch. 1207, § 1.)

§999.3 Notwithstanding Section 999.1, if a contract for professional bond services of an underwriter is to be obtained by competitive bid, the awarding department shall, at a minimum, take all of the following actions:

(a) Deliver the notice of sale or other notification of intention to issue the bonds to all disabled veteran business enterprises that have listed their names with the awarding department for the purpose of this notice and other qualified disabled veteran enterprises known to the awarding department.

(b) State in all notices of sale and other notifications of intention to issue bonds that disabled veteran business enterprises are encourage to respond.

(c) Require all submitting bidders to certify their awareness of the goals of the awarding department in accordance with this article.

(Added by Stats.1989, Ch. 1207, § 1.)

§999.5. (a) The administering agency shall establish a method of monitoring adherence to the goals specified in Section 999.1 , including requiring a followup report from all contractors upon the completion of any sale of bonds.

(b) The administering agency shall adopt rules and regulations, including standards for good faith efforts for the purpose of implementing this section. Emergency regulations consistent with this section may be adopted.

(Added by Stats.1989, Ch. 1207, § 1. Amended by Stats.1992, Ch. 1330 (A.B.3301), § 3.)

§999.6. In implementing this article, the awarding department shall utilize existing resources such as the Office of Small and Minority Business, the Department of Veterans Affairs, the federal Department of Veterans Affairs, and the Small Business Administration.
(Added by Stats.1989, Ch. 1207, § 1.)

§999.7. Beginning July 1, 1990, and on January 1, 1991, and on January 1 of each year thereafter, the Office of Small and Minority Business and each awarding department shall report to the Governor and the Legislature on the level of participation by disabled veteran business enterprises in contracts identified in this article. If the established goals are not met, the awarding department shall report to the Governor and the Legislature, the reasons for its inability to achieve the goals and identify steps it shall take in an effort to achieve the goals.
(Added by Stats.1989, Ch. 1207, § 1; Stats.1996, Ch. 860 (A.B.2260), § 10.)

§999.8 (a) Notwithstanding anything in this article to the contrary, the validity or enforceability of any bonds, or any contract or any notes, or other obligations issued by the awarding department to provide for the payment of any contract subject to this article shall not be affected in any way by the failure of an awarding department to meet the goals established under this article.

(b) No action may be maintained to enjoin the issuance of any bonds to which this article applies or the enforcement of any contract for professional bond services based on an awarding department's failure to meet the goals set forth in Section 999.1.
(Added by Stats.1989, Ch. 1207, § 1.)

§999.9 (a) It shall be unlawful for a person to:

(1) Knowingly and with intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain, certification as a disabled veteran business enterprise for the purpose of this article.

(2) Willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a state official or employee for the purpose of influencing the certification or denial of certification of any entity as a disabled veteran business enterprise.

(3) Willfully and knowingly obstruct, impede, or attempt to obstruct or impede, any state official or employee who is investigating the qualifications of a business entity which has requested certification as a disabled veteran business enterprise.

(4) Knowingly and with intent to defraud, fraudulently obtain, attempt to obtain, or aid another person in fraudulently obtaining or attempting to obtain, public moneys to which the person is not entitled under this article.

(b) Any person who violates any of the provisions of subdivision (a) shall be liable for a civil penalty not to exceed five thousand dollars (\$5,000) for the first violation, and a civil penalty not to exceed twenty thousand dollars (\$20,000) for each additional or subsequent violation.

(c) Any person who violates subdivisions (a) shall, in addition to the penalties provided for in subdivision (b), be suspended from bidding on, or participating as either a contractor, subcontractor, or supplier in, any state contract or project for a period of not less than 30 days nor more than one year. However, for an additional or subsequent violation the period of suspension shall be extended for a period of up to three years. Any business or person who fails to satisfy the penalties imposed pursuant to subdivision (b) and (c) shall be prohibited from further contracting with the state until the penalties are satisfied.

(d) The awarding department shall report all alleged violations of this section to the Office of Small and Minority Business. The office shall subsequently report all alleged violations to the Attorney General who shall determine whether to bring a civil action against any person or firm for violation of this section

(e) The office shall monitor the status of all reported violations and shall maintain and make available to all state departments a central listing of all firms and persons who have been determined to have committed violations resulting in suspension.

(f) No awarding department shall enter into any contract with any person suspended for violating this section during the period of the person's suspension. No awarding department shall award a contract to any contractor utilizing the services of any person as a subcontractor suspended by violating this section during the period of the person's suspension.

(g) The awarding department shall check the central listing provided by the office to verify that the person or contractor to whom the contract is being awarded, or any person being utilized as a subcontractor or supplier by that person or contractor, is not under suspension for violating this section. (Added by Stats.1991, Ch. 567 (A.B.835), § 4, eff. Oct. 7, 1991.)

§999.10 (a) Any awarding department taking bids in connection with the award of any contract shall provide, in the general conditions under which bids will be received, that any person making a bid or offer to perform a contract shall, in his or her bid or offer, set forth the following information:

(1) The name and the location of the place of business of each subcontractor certified as a disabled veteran enterprise who will perform work or labor or render service to the prime contractor in connection with the performance of the contract and who will be used by the prime contractor to fulfill disabled veteran business enterprise participation goals.

(2) The portion of work that will be done by each subcontractor under paragraph (1). Except in cases of emergency where a contract is necessary for the immediate preservation of the public health, welfare, or safety, or protection of state property, the prime contractor shall list only one subcontractor for each portion of work as is defined by the prime contractor in his or her bid or offer.

(b) The Subletting and Subcontracting Fair Practices Act (Chapter 4 (commencing with Section 4100) of Part 1 of Division 2 of the Public Contract Code) shall apply to the information required by subdivision (a) relating to subcontractors certified as disabled veteran business enterprises.

(c) For purposes of this section, "subcontractor" and "prime contractor" shall have the same meaning as those terms are defined in Section 4113 of the Public Contract Code.

(d) As used in this section, "contract" does not include a contract negotiated pursuant to Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code. (Added by Stats.1993, Ch. 1032 (A.B.340), § 3.)

PUBLIC RESOURCES CODE

DIVISION 30. WASTE MANAGEMENT PART 3. STATE PROGRAMS CHAPTER 4. RECYCLED-CONTENT HIGH GRADE, BLEACHED PRINTING AND WRITING PAPER PROGRAM

Article 1. Definitions

§42200. The following definitions govern the construction of this chapter.
(Added by Stats.1989, Ch. 1096, § 2.)

§42201. "Department" means Department of General Services.
(Added by Stats.1989, Ch. 1096, § 2.)

§42202. (a) "Recycled-content high grade, bleached printing and writing papers" means all paper and woodpulp products containing postconsumer material and secondary material. "Postconsumer material" means a finished material which would normally be disposed of as a solid waste, having completed its life cycle as a consumer item. "Secondary material" means fragments of finished products or finished products of a manufacturing process, which has converted a virgin resource into a commodity of real economic value, and includes postconsumer material, but does not include fibrous waste generated during the manufacturing process such as fibers recovered from wastewater or trimmings of paper machine rolls (mill broke), wood slabs, chips, sawdust, or other wood residue from a manufacturing process.

(b) "Recycled paper product" means a paper product with not less than 50 percent by fiber weight consisting of secondary material or postconsumer material and with not less than 10 percent of the fiber weight consisting of postconsumer material.

(c) For high speed copier paper, offset paper, forms bond, computer printout paper, carbonless paper, file folders, white wove envelopes, and for other uncoated printing and writing papers, such as writing and office paper, book paper, cotton fiber paper containing 25 to 75 percent cotton fiber, and cover stock, the minimum content standard shall be no less than 20 percent of fiber weight of postconsumer materials beginning December 31, 1994. The minimum content standard shall be increased to 30 percent of fiber weight of postconsumer materials beginning on December 31, 1998.
(Added by Stats.1989, Ch. 1096, § 2. Amended by Stats.1994, Ch. 942 (S.B.1915), § 16, eff. Sept. 28, 1994; Stats.1995, Ch. 91 (S.B.975), § 144; Stats.1996, Ch. 319 (A.B.571), § 5.)

Article 2. Purchases

§42210. On and after January 1, 1991, the department shall ensure that at least 25 percent of all high grade, bleached printing and writing papers purchased for state agencies is made from recycled-content high grade, bleached printing and writing papers, as defined, allowing for the following conditions:

(a) The suppliers of recycled-content high grade, bleached printing and writing papers bid within 5 percent of the lowest bids by suppliers of high grade, bleached printing and writing papers made from virgin material.

(b) The recycled-content high grade, bleached printing and writing papers meet the specifications for state purchases of high grade, bleached printing and writing papers established by the department pursuant to Section 42212.

(c) The suppliers of recycled-content high grade, bleached printing and writing papers make shipment to the department within a reasonable time period, as determined by the department.

(Added by Stats.1989, Ch. 1096, § 2.)

§42211. The percentage of recycled-content high grade, bleached printing and writing papers purchased for state agencies shall be calculated in reams and used on an annual basis and shall increase to:

- (a) Thirty percent on and after January 1, 1994.
- (b) Thirty-five percent on and after January 1, 1997.
- (c) Forty percent on and after January 1, 2000.

(Added by Stats.1989, Ch. 1096, § 2.)

§42212. The department shall revise its specifications for high grade, bleached printing and writing papers by January 1, 1991. The revised specifications shall be based on the mean average of the numerical standards for printing opacity, brightness level, and cross-machine tear strength for all recycled-content high grade, bleached printing and writing papers available in the state. The department shall establish specifications which deviate from this average by not more than 5 percent.

(Added by Stats.1989, Ch. 1096, § 2.)

§42213. The department shall submit to the board the numerical standards and calculations used in determining its specifications for high grade, bleached printing and writing papers within 30 days of establishing the specifications.

(Added by Stats.1989, Ch. 1096, § 2.)

§42214. The department shall review its specifications at least once every two years to determine whether they discriminate against recycled-content high grade, bleached printing and writing papers available in the state. If it is determined that discrimination exists, the department shall establish new specifications according to the criteria in Section 42212.

(Added by Stats.1989, Ch. 1096, § 2.)

§42215. The department shall inform every supplier of recycled-content high grade, bleached printing and writing papers that had submitted bids to sell such papers to the state within the 12 months preceding a bidding period for high grade, bleached printing and writing papers that the state is accepting bids for high grade, bleached printing and writing papers. The name of each supplier contacted, address, and telephone number shall be submitted to the board within 30 days following the close of each bidding period. The department shall make that information available to any other supplier upon request.

(Added by Stats.1989, Ch. 1096, § 2.)

Article 3. Certification

§42220. The department shall, on or before March 1 of each year, certify the number of reams of high grade, bleached printing and writing papers made from virgin material purchased for use by state agencies during the preceding calendar year and the number of reams of recycled-content high grade, bleached printing and writing papers used during the preceding calendar year.

(Added by Stats.1989, Ch. 1096, § 2.)

§42221. The certification of the department shall be submitted to the board on or before March 31 of each year following the reporting year.

(Added by Stats.1989, Ch. 1096, § 2.)

§42222. If the department is unable to meet the 25 percent purchasing requirement for recycled-content high grade, bleached printing and writing papers within any reporting period, the department shall

so certify and provide specific reasons for failing to meet the 25 percent purchasing requirement. This certification shall be submitted to the board by April 30 of each year following the reporting year.
(Added by Stats.1989, Ch. 1096, § 2.)

CHAPTER 5. COMPOST MARKET PROGRAM

Article 1. Definitions

§42230. The following definitions govern the construction of this chapter.
(Added by Stats.1989, Ch. 1096, § 2.)

§42231. "Compost" means the product resulting from the controlled biological decomposition of organic wastes that are sources separated from the municipal solid waste stream.
(Added by Stats.1989, Ch. 1096, § 2.)

Article 2. Compost Market Program

§42240. The Department of General Services and the board, in consultation with other affected state agencies, shall, on or before January 1, 1991, adopt specifications for the purchase of compost by the State of California. The specifications shall designate the state minimum operating standards and product quality standards. The specifications shall be designed to maximize the use of compost without jeopardizing the safety and health of the citizens of the state or the environment.
(Added by Stats.1989, Ch. 1096, § 2. Amended by Stats.1990, Ch. 1156 (S.B.2196), § 2.)

§42241. On or after January 1, 1991, the Department of Transportation shall use compost in place of, or to supplement, petroleum-based commercial fertilizers in the state's highway landscape maintenance program.
(Added by Stats.1989, Ch. 1096, § 2.)

§42241.5. The board may develop a program to increase the use of compost products in agricultural applications. The program may include, but shall not be limited to, the following:
(a) Identification of federal, state, and local financial assistance.
(b) Cooperative efforts with appropriate federal and state agencies.
(Added by Stats. 1997, Ch. 672 (SB 1066.))

§42243. On or after January 1, 1993, the Department of Forestry and Fire Protection, the Department of Parks and Recreation, and the Department of General Services shall initiate programs to restore public lands that use compost, co-compost, rice straw, and chemically fixed sewage sludge and shall use those products or materials wherever possible.
(Added by Stats.1989, Ch. 1096, § 2. Amended by Stats.1992, Ch. 1207 (A.B.2661), § 3.)

§42244. The board shall evaluate compost, cocompost, and chemically fixed sewage sludge for use as solid waste landfill cover materials or for use as extenders for currently used cover material. Compost, cocompost, and chemically fixed sewage sludge products, when used as a substitute for or mixed with currently approved cover material, shall possess all the physical characteristics required in the definition of a cover material.
(Added by Stats.1989, Ch. 1096, § 2. Amended by Stats.1990, Ch. 1156 (S.B.2195), § 3; Stats.1996, Ch. 1038 (A.B.626), § 16.)

§42244.5. On or before January 1, 1994, the board shall evaluate rice straw for use as a solid waste landfill cover material or for use as an extender for currently used cover material. Rice straw or rice straw materials, when used as a substitute for or mixed with currently approved cover material, shall possess all the physical characteristics required in the definition of a cover material. The results of the evaluation shall be included in the report required pursuant to Section 40507.
(Added by Stats.1992, Ch. 1207 (A.B.2661), § 4.)

§42245. On or after January 1, 1992, based on the results of the evaluation conducted in accordance with Section 42244, the board may, on a case-by-case basis, approve the use of compost, co-compost, and chemically fixed sewage sludge, that meet the performance standards for cover material, for up to 25 percent of landfill cover materials or landfill cover extenders.
(Added by Stats.1989, Ch. 1096, § 2. Amended by Stats.1992, Ch. 1292 (A.B.2494), § 50; Stats.1992, Ch. 1293 (A.B.3322), § 5.)

§42246. Any procuring agency that prepares a request for bid for commercial fertilizers or soil amendment products shall document its determination that the use of a compost, co-compost, or chemically fixed sewage sludge would jeopardize public health or safety or would jeopardize the intended result of the project.
(Added by Stats.1989, Ch. 1096, § 2.)

CHAPTER 5.4. PLASTIC TRASH BAGS

§42290. For purposes of this chapter, the following terms have the following meaning:

(a) "Manufacturer" means a person who manufactures plastic trash bags for sale in this state.

(b) (1) "Plastic trash bag" means a bag that is manufactured for intended use as a container to hold, store, or transport materials to be discarded, composted, or recycled, including, but not limited to, garbage bags, composting bags, lawn and leaf bags, can-liner bags, kitchen bags, compactor bags, and recycling bags.

(2) A plastic trash bag does not include a grocery sack or any other bag that is manufactured for intended use as a container to hold, store, or transport food.

(3) A plastic trash bag does not include any plastic bag that is used for the purpose of containing either of the following wastes:

(A) "Hazardous waste," as defined in Section 25117 of the Health and Safety Code.

(B) "Medical waste," as defined in Section 117690 of the Health and Safety Code.

(c) "Postconsumer material" means a finished product that would normally be disposed of as solid waste, having completed its intended end-use and product life cycle. "Postconsumer material" does not include manufacturing and fabrication scrap.

(d) "Regulated bag" means a plastic trash bag of 0.70 mil or greater thickness that is intended for sale in the state.

(e) "Wholesaler" means any person who purchases plastic trash bags from a manufacturer for resale in this state.

(Amended by Stats. of 1998, Ch. 44, (SB 698, Rainey) effective May 22, 1998).

§42290.5. To encourage waste diversion of polyethylene from California landfills as well as to encourage California's postconsumer market development, it is the intent of the Legislature that any certification of postconsumer materials used for compliance with this chapter not be the same materials that are certified or used for compliance with any other state requirement or with any federal requirement that requires the use or reporting of postconsumer materials for plastic products.

(Added by Stats. of 1998, Ch. 44, (SB 698, Rainey) effective May 22, 1998).

§42291. (a) Until January 1, 1998, every manufacturer that manufactures plastic trash bags of 0.75 mil or greater thickness for sale in this state shall ensure that at least 30 percent of the material used in those plastic trash bags is recycled plastic postconsumer material.

(b) (1) On and after January 1, 1998, the manufacturer's required use of recycled plastic postconsumer material shall be determined pursuant to paragraph (2). Compliance by a manufacturer with either alternative shall be deemed to be compliance with this subdivision.

(2) Every manufacturer of regulated bags shall do one of the following:

(A) Ensure that its plastic trash bags intended for sale in this state contain a quantity of recycled plastic postconsumer material equal to at least 10 percent of the weight of the regulated bags.

(B) Ensure that at least 30 percent of the weight of the material used in all of its plastic products intended for sale in this state is recycled plastic postconsumer material.

(3) Beginning March 1, 1999, and annually thereafter, every manufacturer subject to this subdivision shall certify to the board that it has used the required amount of recycled plastic postconsumer material annually in compliance with paragraph (2).

(c) Any certification of postconsumer materials used for compliance with this chapter shall not include any materials that are certified or used for compliance with any other state or federal requirement that requires the use or reporting of postconsumer materials for any plastic products.

(d) If any manufacturer subject to this section is unable to obtain sufficient amounts of recycled plastic postconsumer material to comply with this section within a reporting period because of unavailability or because the available material did not meet recycled plastic postconsumer material quality standards adopted by the board, the manufacturer shall certify that fact to the board. Each manufacturer making that certification shall make a reasonable effort to identify available supplies of material before submitting certification to the board.

(e) The Legislature hereby finds and declares that although the changes made to this section by the act amending this section during the 1998 portion of the 1997-98 Regular Session become effective after January 1, 1998, it is the intent of the Legislature that the new requirements specified in subdivision (b) be effective as of January 1, 1998. The Legislature further finds that this change is requested by the manufacturers subject to this section and that the retroactive effect of these changes will not cause any hardship on any manufacturer subject to this section, or cause any manufacturer to be subject to regulatory action as a result of these changes, but rather, would instead have the effect of preventing hardship to the manufacturers regulated by this section.

(Amended by Stats. of 1998, Ch. 44, (SB 698, Rainey) effective May 22, 1998).

§42291.5. Until January 1, 2001, for each pound of recycled plastic postconsumer material purchased from a source of recycled plastic postconsumer material in this state for use in the manufacture of plastic trash bags, or other products manufactured with recycled plastic postconsumer material in compliance with this chapter, the board shall credit the manufacturer certifying pursuant to Section 42293 with having used 1.2 pounds of recycled plastic postconsumer material toward compliance with the requirements of Section 42291.

(Added by Stats. of 1998, Ch. 44, (SB 698, Rainey) effective May 22, 1998).

§42292. Each manufacturer shall obtain from its suppliers of recycled plastic postconsumer material for use in the manufacture of plastic trash bags, or other products manufactured with recycled plastic postconsumer material in compliance with this chapter, a statement identifying the quantity, source location, and proximate prior usage of, and the actual postconsumer material content of, each shipment of recycled plastic postconsumer material purchased by the manufacturer, and any other information that the board, may, by regulation, require the manufacturer to obtain from its suppliers, for purposes of inclusion in the annual report required by Section 42293.

(Amended by Stats. of 1998, Ch. 44, (SB 698, Rainey) effective May 22, 1998).

§42293. (a) On or before March 1, 1999, and annually thereafter, each manufacturer subject to this chapter shall submit a report to the board certifying that it has complied with Section 42291 during the preceding calendar year, certifying the name and physical location of each of its suppliers of recycled plastic postconsumer material for use in the manufacture of plastic trash bags, or other products manufactured with recycled plastic postconsumer material in compliance with this chapter, and containing the information obtained pursuant to Section 42292 and any other information that the board may require by regulation. Any manufacturer that processes its own recycled plastic postconsumer material shall certify to the board that it is the supplier of the material.

(b) On or before October 1, 2001, the board shall survey manufacturers subject to this section and, notwithstanding Section 7550.5 of the Government Code, report back to the Legislature. The survey shall do all of the following:

(1) Identify the name and physical location of suppliers certified by manufacturers pursuant to subdivision (a).

(2) Identify the quantity of recycled plastic postconsumer material provided by suppliers within the state and the quantity of the material provided by suppliers outside the state.

(3) Provide recommendations regarding recycled plastic postconsumer material content requirements based on the availability of that material.

(4) Identify gauge thickness of all regulated bags.

(5) Determine national production versus production of a separate line for California.

(Amended by Stats. of 1998, Ch. 44, (SB 698, Rainey) effective May 22, 1998).

§42294. (a) Every wholesaler of plastic trash bags of 1.0 mil or greater thickness sold in this state shall certify to the board the name and physical location of each manufacturer from whom it purchased plastic trash bags for purposes of inclusion in the annual report required by subdivision (c).

(b) On and after January 1, 1995, every wholesaler of trash bags of 0.75 mil or greater thickness sold in this state shall certify to the board the name and physical location of each manufacturer from whom it purchased plastic trash bags for purposes of inclusion in the annual report required by subdivision (c).

(c) On or before March 1, 1994, and annually thereafter, each wholesaler shall submit a report to the board containing the certification required by this section for the preceding calendar year, together with any other information that the board may require by regulation.

(Added by Stats. 1993, Ch. 1076 (SB 951))

§42295. Each supplier, manufacturer, and wholesaler required to provide a certification or any information pursuant to this chapter shall be subject to audit by the board.

(Added by Stats. 1993, Ch. 1076 (SB 951))

§42296. (a) If any supplier provides a manufacturer with false or misleading information, the board, within 30 days of determining that fact, shall refer the false or misleading information to the Attorney General for prosecution for fraud. (b) If any manufacturer or wholesaler provides the board with a false or misleading certification or other information, the board, within 30 days of determining that fact, shall refer the false or misleading certification or information to the Attorney General for prosecution for fraud.

(Added by Stats. 1993, Ch. 1076 (SB 951))

§42297. (a) The board may adopt such regulations as it determines are necessary to more specifically define terms for purposes of the chapter and to otherwise implement this chapter.

(b) Annually on or before July 1, the board shall publish a list of any suppliers, manufacturers, or wholesalers who have failed to comply with this chapter.

(c) (1) Any supplier, manufacturer, or wholesaler, and any of its divisions, subsidiaries, or successors, who fails to comply with this chapter, shall be ineligible for the award of any state contract or subcontract, or for the renewal, extension, or modification of an existing contract or subcontract, until the board determines that it is in compliance with this chapter.

(2) No state agency shall solicit offers from, award contracts to, or renew, extend, or modify a current contract or subcontract with, any supplier, manufacturer, or wholesaler, or any of its divisions, subsidiaries, or successors, who fails to comply with this chapter until the board determines that it is in compliance with this chapter.

(Amended by Stats. of 1998, Ch. 44, (SB 698, Rainey) effective May 22, 1998.)

CHAPTER 6. PLASTIC RECYCLING PROGRAM

Article 1. Definitions

§42360. "Postconsumer plastic" means a finished plastic product which would normally be disposed of as solid waste, having completed its life cycle as a consumer item. "Postconsumer plastic" does not include manufacturing and fabrication scrap.

(Added by Stats.1989, Ch. 1096, § 2.)

§42361. "Recycled secondary plastic product" means any product comprised of at least 75 percent plastic material, of which the plastic component contains at least 25 percent secondary material.

(Added by Stats.1989, Ch. 1096, § 2.)

§42362. "Recycled postconsumer plastic product" means any product comprised of the maximum technologically feasible percentage of postconsumer plastic.

(Added by Stats.1989, Ch. 1096, § 2.)

§42363. "Secondary plastic material" means any plastic scrap material generated as a byproduct of a manufacturing or fabrication process for finished or unfinished plastic products.

(Added by Stats.1989, Ch. 1096, § 2.)

Article 2. Plastic Recycling Program

§42370. The board shall review the existing purchasing guidelines of the Office of Procurement of the Department of General Services, to identify impediments to the increased procurement of recycled products and report those impediments to the Director of the Department of General Services.

(Added by Stats.1989, Ch. 1096, § 2.)

§42371. The Office of Procurement, in cooperation with the board, shall develop and adopt specifications for the procurement of recycled secondary and postconsumer plastic products by July 1, 1992.

(Added by Stats.1989, Ch. 1096, § 2. Amended by Stats.1990, Ch. 1156, § 5.)

§42372. The Office of Procurement, whenever the price is competitive for the purpose intended, shall procure recycled secondary and postconsumer plastic products instead of plastic products made from virgin resins. The preference shall be extended to the bidder whose products contain the highest percentage of secondary and postconsumer plastic materials, to the extent that the quality of the product is equal to that of the virgin resin counterpart and that the price is equal to or less than the virgin resin product.

(Added by Stats.1989, Ch. 1096, § 2.)

CHAPTER 7. RETREADED TIRE PROGRAM

Article 1. Definitions

§42400. The following definitions govern the construction of this chapter.
(Added by Stats.1989, Ch. 1096, § 2.)

§42401. "Retreaded tire" means any tire that utilizes an existing casing for the purpose of vulcanizing new tread to such casing which meets all performance and quality standards specified in the Federal Motor Vehicle Standards determined by the United States Department of Transportation.
(Added by Stats.1989, Ch. 1096, § 2.)

Article 2. Retreaded Tire Program

§42410. The board shall evaluate current state and federal quality standards for retreaded tires and identify the obstacles for an increased market for retreads. The results of this evaluation and the activities that the board will undertake to increase the use of retreaded tires shall be included in the reporting requirements specified in Section 42950.
(Added by Stats.1989, Ch. 1096, § 2.)

§42411. The Department of General Services and the board, in consultation with representatives of the California retreading industry, shall adopt specifications for the purchase of retreaded tires by the State of California. The specifications shall designate the state minimum quality standards for retreaded tires. The specifications shall be designed to maximize the use of retreads without jeopardizing the safety of the occupants of the vehicle or the intended end use of the tire.
(Added by Stats.1989, Ch. 1096, § 2. Amended by Stats.1990, Ch. 1156 (S.B.2195), § 6.)

§42412. On or before July 1, 1991, and to the extent that existing stock shall be utilized first, all tires for use on state vehicles issued for short-term use through Fleet Administration shall, at the next required installation of tires, be equipped with retreaded tires.
(Added by Stats.1989, Ch. 1096, § 2.)

§42413. Emergency vehicles, as defined in Section 165 of the California Vehicle Code are exempt from this provision.
(Added by Stats.1989, Ch. 1096, § 2.)

§42414. The number of retreaded tires purchased annually by the Department of General Services during each fiscal year shall be tabulated and forwarded to the board by August 31 every year.
(Added by Stats.1989, Ch. 1096, § 2. Amended by Stats.1992, Ch. 1292 (A.B.2494), § 54; Stats.1992, Ch. 1293 (A.B.3322), § 8; Stats.1996, Ch. 1038 (A.B.626), § 20.)

§42415. The board, in consultation with the Department of General Services, shall perform a study to determine if the retreads, procured by the Department of General Services, have met all quality and performance criteria of a new tire.
(Added by Stats.1989, Ch. 1096, § 2. Amended by Stats.1992, Ch. 1292 (A.B.2494), § 54; Stats.1992, Ch. 1293 (A.B.3322), § 9; Stats.1996, Ch. 1038 (A.B.626), § 21.)

§42416. On or before July 1, 1993, the board, in consultation with the retreading industry, develop procedures to estimate the number of retreads sold in California. This information, in addition to other facts compiled on the utilization of retread tires, shall be used to evaluate the effectiveness of this program. The results of that evaluation shall be included in the report required pursuant to Section 40507.

(Added by Stats.1989, Ch. 1096, § 2. Amended by Stats.1992, Ch. 1292 (A.B.2494), § 55; Stats.1992, Ch. 1293 (A.B.3322), § 10.)

CHAPTER 8. RECYCLED LEAD-ACID BATTERY PROGRAM

Article 1. Recycled Lead-Acid Battery Program

§42440. For the purposes of this chapter, "lead-acid battery" means any battery which is primarily composed of both lead and sulfuric acid, with a capacity of six volts or more, and which is used for any of the following purposes:

(a) As a starting battery which is designed to deliver a high burst of energy necessary to crank an engine until it starts.

(b) As a motive power battery which is designed to provide the sources or power for propulsion or operation.

(c) As a stationary standby battery which is designed to be used in systems where the battery acts as a source of emergency power, serving as a backup in case of failure or interruption in the flow of power from the primary source.

(Added by Stats.1989, Ch. 1096, § 2.)

§42441. "Recycled lead-acid battery" means any lead-acid battery which contains a minimum percentage of postconsumer recovered lead. The required minimum percentage of postconsumer recovered lead shall be determined by the board in consultation with the Market Development Commission.

(Added by Stats.1989, Ch. 1096, § 2.)

§42442. On or before January 1, 1991, all lead-acid batteries purchased by any state agency for, and, at the next required installation of a battery in, an automobile or light truck owned or operated by the state agency, the battery shall be recycled lead-acid battery, to the extent that all existing stock of nonrecycled batteries have been utilized.

(Added by Stats.1989, Ch. 1096, § 2.)

§42443. The number of recycled lead-acid batteries purchased each year by the Department of General Services shall be tabulated and forwarded to the board on or before March 31 of each year.

(Added by Stats.1989, Ch. 1096, § 2. Amended by Stats.1992, Ch. 1292 (A.B.2494), § 56; Stats.1992, Ch. 1293 (A.B.3322), § 11; Stats.1996, Ch. 1038 (A.B.626), § 22.)

CHAPTER 17. CALIFORNIA TIRE RECYCLING ACT

Article 3. Tire Recycling

§42871. (a) The board shall administer a tire recycling program that promotes and develops alternatives to the landfill disposal of used whole tires.

(b) Notwithstanding Section 7550.5 of the Government Code, the board shall submit a preliminary waste tire report, together with recommendations for legislation, to the Legislature and the Governor not later than May 1, 1999, and a final report on these matters to the Legislature and the Governor not later than June 30, 1999. The board shall convene a working group of affected parties to assist the board in the development of this report and any proposed recommendations for legislation. The report shall include a status report with respect to waste tires in California, as well as an examination of programs needed to provide sustainable end uses for the waste tires generated in California and the reduction of existing waste tire stockpiles. The report shall include, but need not be limited to, the following elements:

(1) An evaluation of the performance and cost-effectiveness of existing state and local agency programs related to waste tires and, as appropriate, a review of other successful out-of-state tire programs. At a minimum, the report shall include an analysis of all of the following:

(A) The use of retreaded tires on state-owned vehicles pursuant to the Retreaded Tire Program (Chapter 7 (commencing with Section 42400)), which shall be reported to the board by the Department of General Services.

(B) The use of tires as paving materials in state projects pursuant to Chapter 14 (commencing with Section 42700), which shall be reported to the board by the Department of Transportation.

(C) Waste tire facilities conducting business pursuant to Chapter 16 (commencing with Section 42800).

(D) Storage of tires at landfills, tire recycling, the tire recycling fee, and the use of recycled tire products by state agencies pursuant to Chapter 17 (commencing with Section 42860).

(E) The tire hauler registration program conducted pursuant to Chapter 19 (commencing with Section 42950).

(F) The board's progress in meeting the intent of subdivision (a) of Section 42870 to reduce the landfill disposal and stockpiling of used whole tires by 25 percent within four years beginning in 1991.

(2) A critical analysis of proposed strategies and resources necessary to eliminate stockpiles of waste tires, protect public health and the environment, and increase sustainable economic markets for waste tires in California. The report shall also include an estimate of waste tires imported from other states for use or disposal in this state, including options and recommendations, as appropriate, to remedy the adverse impacts, if any, of imported waste tires on the achievement of the waste tire management goals of the state.

(3) The board, in consultation with the tire manufacturing industry, shall include a component in the report on the activities of tire manufacturers in addressing the recycling and disposal of waste tires. (Amended by Stats. 1998, Ch. 1020 (AB 117.))

Article 5. Financial Provisions

§42885. (a) Every person who purchases a new tire, as defined in subdivision (c), from a retail seller of new tires shall pay a fee of twenty-five cents (\$0.25) per tire to the seller. The retail seller shall collect the fee at the time of sale, may retain 10 percent of the fee as reimbursement for any costs associated with the collection of the fee, and shall remit the remainder to the state on a quarterly schedule for deposit in the California Tire Recycling Management Fund, which is hereby created in the State Treasury.

(b) The board, or its agent authorized pursuant to Section 42882, shall be reimbursed for its costs of collection, auditing, and refunds associated with the California Tire Recycling Management Fund, but not to exceed 3 percent of the total annual revenue deposited in the fund.

(c) For purposes of this section, "new tire" means a pneumatic or solid tire intended for use with on-road or off-road motor vehicles, motorized equipment, construction equipment, or farm equipment that is sold separately from the motor vehicle, motorized equipment, construction equipment, or farm equipment. "New tire" does not include retreaded or recycled tires or tires that are mounted on wheels and sold as part of a vehicle or equipment.

(d) This section shall remain in effect only until January 1, 2001, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2001, deletes or extends that date. (Amended by Stats. 1998, Ch. 1020 (AB 117.))

§42886. (a) The fees remitted pursuant to Section 42885 are due and payable quarterly on or before the 15th day following the end of each calendar quarter year.

(b) A penalty of 20 percent of any fees not paid when due shall be assessed and collected.

Article 6. Use of Recycled Tire Products by State Agencies

§42890. "Recycled tire product" means a product with not less than 50 percent of its total content derived from recycled used tires.

(Added by Stats.1990, Ch. 35 (S.B.937), § 25, eff. March 30, 1990.)

§42891. (a)* The Department of General Services shall revise its procedures and procurement specifications for state purchases of products which are made of, or contain components which can be derived from the recycling of, used tires, including, but not limited to, rubber, oil, natural gas, carbon black, asphalt rubber, floor tiles, carpet underlays, mats, drainage pipes, garbage cans, retreaded tires, and water hoses. For those purchases, the department shall give preference, wherever feasible, to the suppliers of recycled tire products. This preference shall be 5 percent of the lowest bid or price quoted by suppliers offering similar products made from nonrecycled components.

(Added by Stats.1990, Ch. 35 (S.B.937), § 25, eff. March 30, 1990.)

*The enrolled bill did not contain a subdivision (b).

§42892. In bids in which the state has reserved the right to make multiple awards, the recycled tire product preference cost shall be applied, to the extent possible, so as to maximize the dollar participation of recycled tire product businesses in the contract award.

(Added by Stats.1990, Ch. 35 (S.B.937),§ 25, eff. March 30, 1990.)

§42893. (a) The combined amount of preference granted pursuant to this section shall not exceed one hundred thousand dollars (\$100,000) each year.

(b) Notwithstanding Section 42892, the recycled tire product preference shall not exceed fifty thousand dollars (\$50,000) if a preference exceeding that amount would preclude an award to a small business that offers a similar product made of nonrecycled tire components and is qualified in accordance with Section 114838 of the Government Code. This provision applies regardless of whether the small business is the lowest responsible bidder or is eligible for the contract award on the basis of application of the 5 percent small business preference.

(Added by Stats.1990, Ch. 35 (S.B.937),§ 25, eff. March 30, 1990.)

§42894. To encourage the use of recycled tires, the department's specifications shall require recycled tire product contracts to be awarded to the bidder whose product has the greatest percentage of recycled tire content if the fitness, quality, and price are otherwise equal.

(Added by Stats.1990, Ch. 35 (S.B.937),§ 25, eff. March 30, 1990.)

§42895. The department may adopt rules and regulations to carry out this article.
(Added by Stats.1990, Ch. 35 (S.B.937), § 25, eff. March 30, 1990.)

REVENUE & TAXATION CODE

DIVISION 2. OTHER TAXES
PART 10.2. ADMINISTRATION OF FRANCHISE AND INCOME TAX LAWS
CHAPTER 2. RETURNS
Article 4. Information Returns

§18646. (a) The head of every state agency (as defined by Section 11000 of the Government Code) entering into any contract shall make a return (at the time and in the form the Franchise Tax Board may by regulation prescribe) setting forth all of the following:

(1) The name, address, type of business entity, and taxpayer identification number of each person with which that agency entered into a contract during the calendar year.

(2) Any other information the Franchise Tax Board may require.

(b) The Franchise Tax Board may provide that this section also shall apply to any of the following:

(1) Licenses granted by state agencies.

(2) Subcontracts under contracts to which subdivision (a) applies.

(c) This section shall not apply to contracts or licenses in any class which are below a minimum amount or value which may be determined by the Franchise Tax Board for that class.

WELFARE AND INSTITUTIONS CODE

DIVISION 9. PUBLIC SOCIAL SERVICES
PART 3. AID AND MEDICAL ASSISTANCE
CHAPTER 2. CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS ACT
Article 3.9. Employment with Public Contractors

§11349. In complying with Section 10353 of the Public Contract Code, a contractor shall give priority consideration to qualified recipients of aid under this chapter. For purposes of this article, priority consideration means that a contractor shall hire all qualified job applicants who are recipients of aid under this chapter and who apply within five working days of the listing of the job opening with the Employment Development Department, before hiring any other applicant.
(Added by Stats. 1984, Ch. 1259.)

§11349.1. Notwithstanding any other provision of law, participation by a recipient of aid under this chapter, shall be voluntary only, and in no event shall any person be subject to sanctions, through loss of benefits or eligibility, for not applying for, accepting, or continuing in such a position.
(Added by Stats. 1984, Ch. 1259.)

§11349.2. Contractors shall immediately list with the appropriate local office of the Employment Development Department all suitable employment openings in positions funded by a contract subject to Section 10353 of the Public Contract Code. The Employment Development Department shall advise qualified recipients of aid of these openings and shall refer them to the contractor within five working days from the listing of the openings. The Employment Development Department shall advise recipients of aid of the voluntary nature of an application for such an opening, and that the recipients shall have priority in being hired for these openings, provided the recipient possesses all the necessary skills and meets all requirements of the employer.
(Added by Stats. 1984, Ch. 1259.)

§11349.3. This article and Section 10353 of the Public Contract Code may be waived by the Governor, if requested to do so by the state agency involved, in order to address an emergency which threatens the public health or safety, the state's natural resources, or the economy. If an emergency waiver is granted, notification including reasons for the waiver shall be forwarded to the Joint Legislative Budget Committee within five working days.
(Added by Stats. 1984, Ch. 1259.)

§11349.4. In the event that the State Department of Social Services determines that a waiver of any federal regulations or policies, or both, are required to fulfill the provisions of this article, the department shall seek those waivers. If the waivers necessary are not granted by March 1, 1985, the department shall report on the barriers to the waivers and the expected date of waiver approval.
(Added by Stats. 1984, Ch. 1259.)

DIVISION 10. STATE DEPARTMENT OF REHABILITATION
PART 2. REHABILITATION SERVICES, PROGRAMS, AND FACILITIES
CHAPTER 5. REHABILITATION FACILITIES

§19403. It is the intent of the Legislature to encourage state organizations, cities, counties, districts, and other political subdivisions to purchase products manufactured by and services provided by public or private nonprofit California corporations operating workshops serving individuals with disabilities whenever it is feasible to do so and the proximity of the public or private nonprofit California corporations operating workshops serving individuals with disabilities makes the purchases reasonably convenient and to provide equality of competitive advantage for organizations operating workshops for individuals with disabilities and organizations operating workshops for individuals who are blind .

(Amended by Stats.1993, Ch. 937 (A.B.1602), § 26, effective Oct. 8, 1993.)

§19404. Any state agency, city or county, political subdivision, or district of this state may, without advertising or calling for bids, purchase materials and supplies manufactured and services provided by public or private nonprofit California corporations operating community rehabilitation programs serving persons with disabilities who have indicated an interest in supplying those goods and services and may, on an equitable basis apportion the business among the interested community rehabilitation programs, provided the goods or services meet the specifications and needs of the purchasing agency and are purchased at a fair market price, as determined by the appropriate state or local agency and provided that the public or private nonprofit California corporations comply with all of the following requirements:

(a)(1) Contract work obtained under this section shall be performed by a labor force which is comprised primarily of persons with disabilities, as measured by the percentage of person-hours of direct labor devoted to the contract work.

(2) For purposes of this paragraph, "primarily" means 75 percent or greater.

(3) Agree to make those elections permitted of any nonprofit corporation under the federal Insurance Contributions Act and the California Unemployment Insurance Code in order to provide social security and unemployment and disability benefits for its employees commencing with its first contract or purchase order under this section and continuing thereafter. In the event that the nonprofit corporation ceases to provide those benefits, any existing contract or purchase order under this section with the corporation is terminated and no further contracts or purchase orders shall be awarded to that corporation for the period of two years after the corporation ceases to provide the benefits. For the purposes of this subdivision, a person with a disability shall be considered an employee when performing productive work.

(4) Provide in its articles of incorporation that at least two of the directors of its board of directors shall be comprised of persons with disabilities or the parents, guardians, or conservators of individuals with disabilities. Directors who are also employees of the nonprofit corporation shall not participate in or be present at discussions of the board of directors concerned with labor-management contract negotiations.

(5) Provide for disabled employees of the nonprofit corporation benefits and other employer-employee agreements substantially equal to those benefits and agreements entered into between each nonprofit corporation and the representatives designated by a majority of the employees.

(6) Not commit any unfair labor practices as defined in Section 8(a) of the National Labor Relations Act.

(7) Abide by the provisions of the Federal Fair Labor Standards Act, the Walsh-Healy Public Contract Act, the Wagner O'Day Act, and the regulations of the State Division of Industrial Welfare.

(b) For purposes of this section a "person with a disability" means any person, other than a person who is blind, who is so severely incapacitated by any physical or mental disability that he or she cannot currently engage in normal competitive employment because of the disability.

(Amended by Stats.1991, Ch. 694 (A.B.1143), § 22, effective Oct. 9, 1991; Stats.1993, Ch. 937 (A.B.1602), § 27, effective Oct. 8, 1993.)

CALIFORNIA CODE OF REGULATIONS

TITLE 2. ADMINISTRATION DIVISION 2. FINANCIAL OPERATIONS

CHAPTER 1. STATE BOARD OF CONTROL

Article 17. Bid Protests

§870.1. Applicability.

This article applies to bid protests under Public Contract Code sections 10306 and 12102, subdivision (h).

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code.

§870.2. Applicable Regulations.

If there is any inconsistency or conflict between the provisions of article 2.5 and this article, the provisions of this article shall apply.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code.

§870.3. Definitions.

(a) As used in this article:

(1) "Bid" shall mean:

(A) an offer in response to a solicitation for materials, supplies, or equipment purchased pursuant to article 3 (commencing with section 10300), chapter 2, part 2, division 2, Public Contract Code; or

(B) an offer in response to a solicitation for electronic data processing or telecommunications goods or services pursuant to chapter 3 (commencing with section 12100) or chapter 3.5 (commencing with section 12120), part 2, division 2, Public Contract Code.

(2) "Bidder" shall mean an individual or entity that submitted a final bid in response to a solicitation that is subject to a protest;

(3) "Declaration" shall mean a written statement that states:

(A) it is made under penalty of perjury under the laws of California; and

(B) the date on which it was signed.

(4) "Detailed statement of protest" shall mean the written statement specifying the legal and factual basis for the protest under section 872.7;

(5) "Document" shall mean a writing as defined in Evidence Code section 250;

(6) "Party" shall mean:

(A) Procurement;

(B) the state agency procuring the product that is the subject of the solicitation;

(C) the protestant;

(D) the proposed awardee; and

- (E) any other bidder that submitted a bid and submitted a written request to be a party, except that a bidder that filed a bid protest shall not be a party in a protest filed by another bidder.
- (7) "Procurement" shall mean:
- (A) the Department of General Services, Procurement Division or its successor; or
 - (B) another state agency that has been delegated purchasing authority by the Department of General Services;
- (8) "Proposed awardee" shall mean the bidder to whom Procurement intends to award a contract as a result of Procurement's evaluation of the protested solicitation;
- (9) "Protest" shall mean a written objection by a bidder to an intended contract award proposed by Procurement that is submitted to Procurement under section 872.1 after the posting of an intent to award.
- (11) "Protestant" shall mean a bidder that submitted the bid protest that is the subject of the hearing;
- (12) "Response to the detailed statement of protest" shall mean a party's written submission under section 872.8;
- (13) "Solicitation" shall mean the process by which Procurement requests bids;
- (14) "Solicitation document" shall mean the document that describes the goods or services that are to be purchased and establishes the method that will be used to evaluate bids; and
- (15) "Solicitation file" shall mean documents used by Procurement in the procurement process, including documents used to evaluate bidders and select a proposed awardee.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code.

Subarticle 2. Requirements for Submissions

§871.1. Document Standards.

- (a) All documents submitted to the board shall be:
- (1) typewritten or computer generated;
 - (2) standard 8-1/2 by 11 inches each page; and
 - (3) legible.
- (b) A document submitted as an exhibit need not comply with subsection (a)(1) or (2).
- (c) The board may refuse to accept documents that do not comply with this section.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code.

§871.2. Documents Submitted by Facsimile.

- (a) Documents that exceed ten pages, including any attachments or exhibits, shall not be submitted to the board by facsimile.
- (b) A document submitted to the board by facsimile in violation of subsection (a) shall not be accepted.
- (c) The first page of a facsimile transmission shall be a cover page that includes:
- (1) the name of the sender;
 - (2) the name and phone number of a person to be contacted in case of transmission problems; and
 - (3) the total number of pages transmitted, including the cover page.
- (d) A party submitting a document by facsimile has the burden of proving that the entire document was successfully transmitted to the board.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code.

§871.3. Copies of Submissions.

(a) A party shall provide the board with one original and three copies of any document, including any attachments to the document, submitted to the board.

(b) The original document that is submitted by facsimile and three copies of the document shall be submitted to the board within two working days of the facsimile transmission.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code.

§871.4. Service on Parties.

(a) A party who submits a document, including correspondence, to the board shall send each party a copy.

(b) A party shall include a declaration of proof of service that the party complied with this section.

(c) This section shall not apply to the submission of the solicitation file to the board under section 872.4.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code.

Subarticle 3. Pre-hearing Procedure

§872.1. Filing Protest with Procurement.

(a) A protestant shall file a notice of protest of the proposed award of a contract with Procurement prior to the award of a contract governed by Public Contract Code section 10306.

(b) A protestant shall file a notice of protest of the proposed award of a contract governed by Public Contract Code section 12102, subdivision (h) with Procurement within the following time period:

- (1) no earlier than the issuance of an intent to award a contract; and
- (2) no later than five working days after the issuance of an intent to award a contract.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code.

§872.2. Submission of Protest to Board.

(a) Procurement shall submit a notice of protest to the board within three working days of its receipt of a protest filed under section 872.1.

(b) At the same time that Procurement submits a notice of protest to the board under subdivision (a), it shall submit a written bid protest summary to the board that shall contain all of the following information to the extent that the information is readily available in the solicitation file:

- (1) a description of the product or service that is the subject of the protested solicitation;
- (2) the name of the state agency on whose behalf the solicitation is being administered, or a statement that the solicitation is being administered on behalf of all the state agencies;
- (3) the following information for each bidder that submitted a final bid:
 - (A) the name of the bidder;
 - (B) mailing address;
 - (C) voice telephone number;
 - (D) facsimile telephone number;
 - (E) name of contact person;
 - (F) job title of contact person;
 - (G) the total dollar amount of the bid, including any corrections or adjustments made by Procurement during the evaluation of the bid; and
 - (H) the total points allocated to the bid, if applicable.

- (4) the name of the proposed awardee;
- (5) the statutory authority governing the solicitation;
- and
- (6) a statement of the basis for selection.

(c) Procurement shall provide a copy of the bid protest summary submitted to the board under subdivision (b) to all bidders that submitted a final bid.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code.

§872.3. Maintenance of Procurement Records.

(a) Procurement shall maintain all documents used in the evaluation and selection process, including, but not limited to:

- (1) scoring sheets;
- (2) scoring summaries; and
- (3) evaluation and selection report.

(b) The documents described in subsection (a) shall be maintained for ten working days after an intent to award a contract is issued, or until the board issues a final decision on a protest, whichever is longer.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code .

§872.4. Submission of Solicitation File to Board.

(a) Within three working days of Procurement's receipt of a protest under section 872.2, Procurement shall submit two copies of each of the following to the board:

- (1) the solicitation document;
- (2) the proposed awardee's final bid;
- (3) the protestant's final bid; and
- (4) any document prepared to record or justify the selection decision, including, but not limited to:
 - (A) a document used to indicate a proposed award to a bidder who is not the lowest bidder;
 - (B) the notice of intent to award a contract; and
 - (C) the evaluation and selection report.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code .

§872.5. Availability of Solicitation Documents to Parties.

(a) Procurement shall make available for inspection by a party the documents described in section 872.4 within three working days after receiving a written request from a party.

(b) A party shall make a request for documents under subsection (a) as soon as practicable and no later than five calendar days after receipt of the detailed statement of protest.

(c) Procurement shall permit a party to obtain a copy of any document described in section 872.4 by one of the following methods determined by Procurement in its discretion:

- (1) permit a party to arrange for a private copy service to make a copy of the requested documents at a time and location convenient to Procurement; or
- (2) make a copy of the requested documents after receiving advance payment from the party for the reasonable cost of photocopying.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code .

§872.6. Schedule for Submission of Written Documents.

- (a) The Executive Officer or hearing officer may establish a schedule for the submission of:
- (1) the detailed statement of protest;
 - (2) a written request to be a party;
 - (3) a response to the detailed statement of protest;
 - (4) a rebuttal to the responses to the detailed statement of protest; and
 - (5) any other written evidence or argument.
- (c) The Executive Officer or hearing officer may require that the parties submit:
- (1) a list of witnesses;
 - (2) a declaration from each witness the party intends to have testify that summarizes the testimony of the witness;
 - (3) a copy of each exhibit to be introduced into evidence other than items already submitted under section 872.4(a);
 - (4) a reasonable estimate of the time needed by each party to present its case;
 - (5) pre-hearing motions; and
 - (6) any information to assist the efficient administration of the hearing.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code .

§872.7. Detailed Statement of Protest.

- (a) A protestant shall submit a written detailed statement of protest to the board within 10 calendar days after filing a notice of protest under section 872.1.
- (1) If a protestant fails to submit a timely detailed statement of protest, a notice of protest shall be considered withdrawn.
 - (2) If a protestant fails to submit a timely detailed statement of protest, the board shall inform all parties in writing that the protest is dismissed and take no further action on the protest.
- (b) A detailed statement of protest shall include a full and complete statement of the relevant law and facts supporting that:
- (1) the protestant is the lowest responsible bidder meeting specifications, for a protest under Public Contract Code section 10306; or
 - (2) the protestant's bid should have been selected in accordance with the selection criteria in the solicitation document, for a protest under Public Contract Code section 12102(h).

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code .

§872.8. Response to Detailed Statement of Protest.

A party may submit a response to the detailed statement of protest within the time frame determined by the Executive Officer under section 872.6.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code .

§872.9. Request for Extension of Time for Submitting Documents or Continuance.

(a) A party may request a continuance of a hearing or an extension of time for the submission of a document, except for the submission of a detailed statement of protest.

(b) A request under subdivision (a) must be in writing and submitted to the Executive Officer as soon as the need for the request is known to the party, but no later than five working days prior to the date of the hearing or deadline for the submission of documents.

(1) If a party is first aware of the need for a continuance request on the day scheduled for hearing, the request may be made to the hearing officer.

(2) A request under subdivision (a) made less than five working days prior to the date of the hearing or deadline for the submission of documents shall not be granted unless:

(A) it was impossible for the party to make the request any sooner; and

(B) the party made the request as soon as becoming aware of the need for it.

(c) Prior to making a request under subdivision (a), a party must contact all other parties and:

(1) inform the parties of the need for the request;

(2) determine whether or not each party will agree to the request; and

(3) if the request is for a continuance of a hearing, determine alternative dates available to all parties.

(d) A request under subdivision (a) must include a declaration that includes:

(1) the specific facts showing good cause for the request;

(2) available documentation of the specific facts showing good cause for the request;

(3) the date when the facts supporting the request became known to the party; and

(4) a statement that all parties were contacted as required by subdivision (c) and a summary of the outcome.

(e) A request under subdivision (a) shall be granted only if good cause exists.

(f) Good cause for a request under subdivision (a) exists for any of the following:

(1) unavailability due to the death or incapacitating illness of a party, a representative, or a member of the immediate family of a party or representative, when it is not possible to substitute another individual because of the proximity of the hearing date or deadline for submission of documents;

(2) failure to receive a copy of the detailed statement of protest;

(3) failure to receive a copy of a response to a detailed statement of protest;

(4) failure to make documents available to a party under section 872.5 after a timely request;

(5) failure to receive timely notice of the hearing date as required by section 872.11; or

(6) agreement by all parties to the continuance or extension.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code

§872.10. Dismissal for Failure to State a Basis to Uphold Protest.

(a) After reviewing the detailed statement of protest and responses of the parties, the Executive Officer shall:

(1) schedule the protest for further hearing under section 872.11; or

(2) recommend that the board dismiss the protest.

(b) The board may dismiss the protest for any of the following reasons:

(1) the detailed statement of protest fails to comply with section 872.7(b);

(2) the board does not have jurisdiction over the protest;

(3) the detailed statement of protest fails to state a basis upon which the protest may be upheld; or

(4) the protest is entirely without merit.

(c) If the Executive Officer recommends that the protest be dismissed, the Executive Officer shall do all of the following:

(1) schedule the dismissal recommendation for action by the board;

(2) submit a written recommendation explaining the reasons for dismissing the protest without further hearing;

- (3) notify all interested parties in writing that the dismissal recommendation has been scheduled for action by the board; and
- (4) send a copy of the written recommendation required by subsection (c)(2) to the parties.
- (d) The board's consideration of and action on the Executive Officer's recommendation to dismiss a protest is a hearing limited to written materials under section 617.6.
 - (1) A protestant may object to the use of the informal hearing process upon receipt of the notice of recommendation of dismissal under subsection (c)(3).

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code

§872.11. Assignment and Scheduling for Hearing.

- (a) The Executive Officer shall assign a protest that is not dismissed under section 872.10 to a hearing officer.
- (b) The Executive Officer shall schedule the protest for hearing and send written notice to the parties.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code

§872.12. Pre-Hearing Conference.

- (a) The hearing officer or Executive Officer may conduct a prehearing conference.
- (b) The parties shall receive reasonable written notice of the time and location of a prehearing conference.
- (c) The prehearing conference may address any of the following:
 - (1) clarification of issues;
 - (2) identity of witnesses;
 - (3) exchange of witness lists;
 - (4) limitation of the number of witnesses;
 - (5) limitation on the scope of a witness' testimony;
 - (6) limitation of time allocated to a party's presentation of evidence;
 - (7) limitation of time allocated to a party's cross-examination of witnesses;
 - (8) exchange of exhibits;
 - (9) objections to evidence;
 - (10) order of presentation of evidence;
 - (11) order of cross-examination of witnesses;
 - (12) protective orders;
 - (13) stipulations;
 - (14) dismissal for any of the grounds included in section 872.10(b);
 - (15) pre-hearing motions; and
 - (16) any other matters that will promote the orderly and efficient conduct of the hearing.
- (d) The hearing officer or Executive Officer may require the submission of prehearing statements concerning matters to be discussed at the prehearing conference.
- (e) The hearing officer may issue a prehearing order incorporating the matters determined at the prehearing conference.
 - (1) The hearing officer may direct one of the parties to prepare a prehearing order.
- (f) If the hearing officer decides to dismiss a protest under subsection (c), the hearing officer shall prepare a proposed decision for the board under section 619.3.
- (g) A prehearing conference may be conducted by electronic means.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code

§872.13. Representation of Parties.

(a) A party that chooses to be represented shall notify the board in writing with the following information concerning the representative:

- (1) name;
- (2) address;
- (3) telephone number, including area code; and
- (4) facsimile number, including area code.

(b) Once notified that a party has a representative, the board shall send all notices to the representative unless the party informs the board that the person is no longer representing the party.

(c) Only one representative for a party may actively participate in a hearing.

(1) Active participation of a representative includes:

- (A) conducting the direct examination of a witness;
- (B) conducting the cross-examination of a witness;
- (C) objecting to evidence;
- (D) responding to objections;
- (E) making offers of proof; and
- (F) arguing issues of fact or law pertaining to subsection (c)(1)(A)-(E).

(2) No more than one representative for each party may:

(A) for each of the party's own witnesses:

1. examine the witness;
2. respond to objections raised during the examination; and
3. make and argue objections during the cross-examination of the witness.

(B) for each of the other parties' witnesses:

1. make and argue objections during the examination of the witness.
2. cross-examine the witness; and
3. respond to objections raised during the cross-examination;

(C) make an opening statement; or

(D) make a closing argument.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code

Subarticle 4. Hearing Procedure

§873.1. Hearing by Electronic Means.

The party that requested that all or part of a hearing be conducted by electronic means under section 617.4 shall be responsible for providing, operating, and paying for all necessary equipment.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code

§873.2. Record of Hearing.

(a) Each hearing shall be reported by a certified court reporter provided by the Board or recorded by electronic means.

(b) Any party may request the board to arrange for the preparation of a hearing transcript.

(1) The party requesting the preparation of a hearing transcript shall bear all costs for its preparation.

(2) One copy of the transcript shall be provided to the board at no cost to the board.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code

§873.3. Conduct of Hearing.

- (a) The hearing officer or Executive Officer shall determine whether the hearing shall:
 - (1) permit the presentation of oral evidence under sections 617.7 and 873.5; or
 - (2) be limited to the submission of written materials under sections 617.6 and 873.4.
- (b) The determination made under subsection (a) shall be based on the following factors:
 - (1) complexity of legal or factual issues;
 - (2) necessity to evaluate credibility of witnesses for a proper determination of issues;
 - (3) parties' representation by legal counsel;
 - (4) necessity of witnesses being subject to cross examination for the proper determination of issues;and
 - (5) any other factor likely to effect a just and proper determination of issues.
- (c) The parties shall be informed of whether the hearing will be conducted under subsection (a)(1) or (a)(2).
- (d) The hearing officer may allow or request the parties to submit a post-hearing brief.
 - (1) A post-hearing brief shall be limited to legal and factual arguments related to relevant issues under section 873.7 or identified by the hearing officer.
 - (2) The hearing officer shall inform the parties of the deadline for the submission of a post-hearing brief.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code

§873.4. Protest Limited to Written Materials.

- (a) An assertion made in the detailed statement of protest that is supported by facts alleged in the detailed statement of protest shall be presumed to be true unless rebutted by a party in the party's response to the detailed statement of protest.
- (b) An assertion made in a party's response to the detailed statement of protest that is supported by facts alleged in the response shall be presumed to be true unless rebutted by the protestant in its submission under section 872.6.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code

§873.5. Presentation of Oral Evidence.

Each party has the right to cross examine witnesses called to testify by another party.

Authority cited: Section 13920, Government Code.
Reference: Sections 10306 and 12102(h), Public Contract Code

§873.6. Evidence.

- (a) All relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs.
 - (1) This does not limit the discretion of the hearing officer under section 617.2(b).
- (b) Evidence that qualifies under subdivision (a) may be admitted even though there is a common law or statutory rule which might make its admission improper over objection in a civil action.

(c) Objections to and arguments about evidence may be considered when determining the weight to be given to the evidence.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code

§873.7. Scope of Hearing.

(a) In a protest under Public Contract Code section 10306, the protestant must prove that it is the lowest responsible bidder meeting specifications in order for the protest to be granted.

(b) In a protest under Public Contract Code section 12102(h), the protestant must prove that its bid should have been selected in accordance with the selection criteria in the solicitation document.

(c) Evidence shall be limited to issues that are:

- (1) relevant to subdivision (a) or (b), whichever is applicable; and
- (2) identified in the protestant's detailed statement of protest; or in a party's response to the detailed statement of protest.

(d) The protest may be denied without determining any other issues raised under subdivision (c) if:

- (1) Procurement alleged that the protestant was not responsive to the requirements of the solicitation document in its response to the detailed statement of protest; and
- (2) the protestant failed to prove that its bid was responsive to the requirements of the solicitation document.

§873.8. Burden of Proof.

(a) The protestant shall have the burden of proof.

(b) The standard of proof is a preponderance of the evidence.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code

§873.9. Order of Presentation of Evidence.

(a) In a hearing permitting the presentation of oral evidence under section 873.3(a)(1), the parties shall present evidence in the following order, except as provided in subsection (b):

- (1) the protestant;
- (2) Procurement;
- (3) proposed awardee; and
- (4) other parties in an order determined by the hearing officer.

(b) In a hearing permitting the presentation of oral evidence under section 873.3(a)(1) that concerns a solicitation in which Procurement intends to award a contract pursuant to article 3 (commencing with section 10300), chapter 2, part 2, division 2, Public Contract Code to other than the lowest bidder, the parties shall present evidence in the following order:

- (1) Procurement;
- (2) the protestant;
- (3) proposed awardee; and
- (4) other parties in an order determined by the hearing officer.

(c) The hearing officer may require the parties to present evidence in any order that furthers the efficiency of the hearing.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code

§873.10. Closure of Hearing Record.

(a) In a hearing in which post-hearing briefs were not allowed or permitted, the hearing record shall be closed upon the conclusion of testimony and presentation of any oral argument by the parties, unless otherwise ordered.

(b) In a hearing in which post-hearing briefs were allowed or permitted, the hearing record shall close at the deadline for the submission of post-hearing briefs, unless the hearing officer or Executive Officer orders otherwise or grants an extension under section 872.9.

(c) No evidence or argument shall be submitted to the board after the close of the hearing record.

(1) The hearing officer or Executive Officer may grant a timely written request to reopen the hearing record for good cause.

(A) A written request is timely if it is filed with the board within 24 hours of the closing of the hearing record.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code

§873.11. Failure to Appear or Proceed.

(a) The failure of a protestant to appear at a hearing, or to proceed with a hearing shall constitute a withdrawal of the protest, unless an extension of time for submission of documents or a continuance of the hearing has been granted.

(b) The failure of Procurement to appear at a hearing, or to proceed with a hearing shall constitute a withdrawal of its opposition to the protest, unless an extension of time for submission of documents or a continuance of the hearing has been granted.

(c) The failure of the proposed awardee to appear at a hearing, or to proceed with a hearing shall constitute a withdrawal of its opposition to the protest, unless an extension of time for submission of documents or a continuance of the hearing has been granted.

(d) The failure of any other party to appear at a hearing, or to proceed with a hearing shall constitute a withdrawal of the party's request to participate as a party in the protest, unless an extension of time for submission of documents or a continuance of the hearing has been granted.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code

§873.12. Withdrawal of Protest.

(a) A protestant may withdraw its protest at any time prior to the board's adoption of a decision in the matter under section 619.5.

(b) The protestant shall notify the board in writing of the withdrawal of the protest.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code

§873.13. Withdrawal of Opposition to Protest.

(a) Procurement or the proposed awardee may withdraw its opposition to the protest at any time prior to the board's adoption of a decision in the matter under section 619.5.

(b) If Procurement withdraws its opposition to the protest under subsection (a), the protest shall be upheld without further hearing.

(c) If the proposed awardee withdraws its opposition to the protest under subsection (a), it shall not participate any further in the hearing.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code

Subarticle 5. Prohibited Conduct

§874.1. Contempt.

In addition to the grounds provided in section 618.3, a party is subject to a contempt sanction for an intentional failure or refusal, without substantial justification, to comply with a timely request under section 872.5.

Authority cited: Section 13920, Government Code.

Reference: Sections 10306 and 12102(h), Public Contract Code

TITLE 2. ADMINISTRATION
DIVISION 2. FINANCIAL OPERATIONS

CHAPTER 3. DEPARTMENT OF GENERAL SERVICES

SUBCHAPTER 7. OFFICE OF PROCUREMENT

Article 1. Rules for Prequalification of Vendors

§1890. Uniform Standards for Prequalification of Vendors.

(a) As used in this section

(1) "Vendor" means manufacturer, fabricator, wholesale distributor, broker or other persons and firms regularly engaged in the sale of materials, supplies or equipment.

(2) "Standard specification" means those purchasing standards established by the Director of General Services under authority of Public Contract Code Section 10307.

(3) "Product" means unmanufactured, partially manufactured or finished materials, supplies and equipment.

(4) "Bid invitation" means those bid invitations issued by the Department of General Services as required in Public Contract Code Section 10302.

(5) "Accounts" means businesses or governmental jurisdictions other than State agencies to whom applicant vendors are regularly supplying the product offered to the State.

(b) Vendors seeking to prequalify to receive bid invitations shall present evidence that they have the ability, resources, and facilities to adequately supply the State. The following tests shall be applied by the Department of General Services in considering vendor applications for prequalification.

(1) Requirements of the State. Lists of prequalified vendors shall be established where evidence exists that the State requires products competitively offered by applicant vendor. If, during the twelve (12) months preceding application, the aggregate purchases by the State of products substantially similar to those competitively offered are more than five thousand dollars (\$5,000) and, during this same period, any single purchase exceeded one thousand dollars (\$1,000), a list of prequalified vendors shall be established.

(2) Geographic Limits. Vendors may be prequalified to receive bid invitations for purchases for delivery within those market areas of the State in which the vendor regularly conducts his business. If a vendor applies for prequalification outside the normal market area in which his offices, warehouses or other facilities are located, he shall show evidence of satisfactory service to accounts located within each of the market areas for which he is requesting prequalification.

(3) Compliance With Standards. Where standard specifications for products have been established by the Department, the vendor shall present evidence that the product offered complies with such standards.

(4) Experience. The vendor shall show evidence of adequate experience in selling and providing post-purchase service to accounts with requirements similar to those of the State. Vendors with less than two years of experience in selling the products offered shall provide evidence of satisfactory service to other accounts purchasing the product offered in quantities and qualities similar to that normally required by the State.

(5) Inventories. The vendor shall have readily available to him an inventory of new products and, if applicable, replacement or repair parts for the products offered and such inventories shall be of sufficient size and scope to permit timely delivery of the products and parts in compliance with the normal requirements of the State within the market areas for which the vendor requests prequalification. If such readily available inventories are less than the normal annual State requirements for the product offered

within the geographic area of prequalification, the vendor shall show evidence of his ability to augment these inventories from other sources adequate to assure the timely delivery of these products.

(6) Post-Purchase Service and Technical Assistance. For products of a type normally requiring the vendor to employ or make available trained or licensed personnel to provide post-purchase service and technical assistance, the vendor shall show evidence that such personnel will be readily available on a timely basis to the State at such locations as required by the State.

(7) Licenses. The vendor shall hold all licenses and permits required by law to furnish materials , or to perform services required under the contract or purchase order.

(8) Fabrication to State Specifications. When the product offered requires manufacture or fabrication to specifications established by the State, the vendor shall show that facilities and personnel capable of manufacturing or fabricating the product in compliance with the State specification are readily available to him.

(c) Vendors seeking prequalification to receive bid notices shall complete a standard application form and questionnaire prescribed and furnished by the Department of General Services. The Department of General Services may also require such additional or supplemental information as it deems necessary.

(d) The Department of General Services may require any vendor to resubmit evidence of his qualifications at such times, and under such conditions as it may require. The question whether a particular bidder is a "responsible bidder," within the requirements of Public Contract Code Section 10301, involves an evaluation of the bidder's experience, facilities, reputation, financial resources, and other factors existing at the time of contract award. Prequalification of a vendor to be placed on a prequalified vendor list shall not foreclose the State from determining that the vendor is not a "responsible bidder" within the statutory requirements at the time of contract award for purposes of that award.

Authority cited: Public Contract Code Sections 10303 and 10315.

Reference: Public Contract Code Sections 10301, 10302, 10303 and 10307 .

Article 2. Purchases on Behalf of Local Agencies

§1895.1. There shall be attached to every Local Agency Purchase Request a certified copy of the resolution, order, motion, or ordinance of the local governing body by law having power to purchase, authorizing submission of the purchase request by the official signing the request on behalf of the local agency.

Authority and reference cited: Section 10324, Public Contract Code.

§1895.2. Cities governed by a charter specifying detailed purchasing procedures shall follow the charter requirements, and may not avail themselves of the purchasing services of the State Department of General Services. Chartered cities submitting Local Agency Purchase Requests shall attach to each request a certification, signed by or on behalf of the city attorney, advising that the requested purchase by the State Department of General Services does not conflict with the provisions of the city charter.

Authority and reference cited: Section 10324, Public Contract Code.

§1895.5. To be acceptable to the Department of General Services, requests for restrictive specifications shall include a statement that the local agency has determined that the article of the specified brand or trade name is the only article which properly meets the needs of the agency, and shall include sufficient factual data in support of such local agency determination to afford the Department of General Services a reasonable basis for concurrence in such local agency determination. Requests containing restrictive

specifications not adequately supported by written justification will not be processed by the Department of General Services.

Authority and reference cited: Section 10324, Public Contract Code .

§1895.6. Local agencies may indicate on a separate sheet attached to the local agency request form any local bidders which the requesting agency wishes to receive bid invitations. All listed local bidders shall receive bid invitations.

Authority and reference cited: Section 10324, Public Contract Code.

§1895.8. Discounts involving discount periods of less than 20 days shall not be included in the calculation of low bid.

Authority and reference cited: Section 10324, Public Contract Code.

§1895.9. Inspections or specifications development requiring expert personnel or special equipment may be undertaken by the Department of General Services and Office of Procurement staff only if the local agency requests such service. If, in the opinion of the Department of General Services, such service is required to consummate a requested purchase and the cost of the service required exceeds the normal indirect costs for similar purchases, the Department of General Services shall notify the requesting agency of this prior to processing the purchase request. No service of this type shall be undertaken without prior concurrence of the local requesting agency. An additional charge for this service based on costs to the Department of General Services (man-hours, travel, laboratory or inspection fees) shall be made.

Authority and reference cited: Section 10324, Public Contract Code.

§1895.10. (a) The Department of General Services shall charge the local agency a percentage of the purchase price which shall be computed to be the average of the costs incurred in making purchases for that local agency. When it is necessary to assume extra costs for such items as consultant services, special equipment, lab fees, or similar non-routine costs, the average costs shall not be added to the purchase cost for purposes of determining whether the State can purchase at a lower price than can the local agency.

(b) If a local agency withdraws its request prior to the date the Office of Procurement mails bids or if the Office of Procurement finds that it cannot, for some reason, accept the request for processing, no charge shall be made except for special services rendered in accordance with the preceding sections. Full charge shall be made for the Office of Procurement costs if the local agency withdraws its request subsequent to bid mailing regardless of whether a purchase order is issued.

Authority and reference cited: Section 10324, Public Contract Code.

§1895.13. It shall be the sole responsibility of the local agency to determine whether the requested purchase can be made by the State "upon the same terms, conditions and specifications at a price lower than the local agency can obtain through its normal purchasing procedures" within the limitations of Public Contract Code Section 10324. In order that the local agency may be in a position to make this determination, the State shall furnish the local agency with a complete copy of the Invitation for Bid, showing all terms, conditions and specifications. Upon bid opening, the State shall advise the local agency of the lowest responsible bid price received and shall request direction from the local agency as

to whether to purchase. The purchase shall not be completed unless the local agency then promptly replies and so directs, by telegram or otherwise, in writing.

Two complete copies of the Purchase Order shall be sent to the local agency promptly upon issuance by the Office of Procurement, in order that the local agency may be in a position to properly audit and inspect the purchase.

Authority and reference cited: Section 10324, Public Contract Code.

§1895.14. On request, the State shall distribute cost information to local agencies in two ways, (1) a list of selected non-contract "indicator" commodities covering a range of product areas shall be periodically compiled so that local agencies have some insight into prices obtained by the State and (2) annual State contract bid invitations and notifications which contain cost and specification information adequate for local agency evaluation.

Authority and reference cited: Section 10324 and 10325, Public Contract Code.

§1895.16. After issuance of the Purchase Order by the State Office of Procurement to the vendor, the State Office of Procurement shall have no further responsibility with regard to the purchase. It shall be the responsibility of the local agency to deal directly with the vendor concerning any late or defective delivery.

Authority and reference cited: Section 10324 and 10329, Public Contract Code.

**TITLE 2. ADMINISTRATION
DIVISION 2. FINANCIAL OPERATIONS**

CHAPTER 3. DEPARTMENT OF GENERAL SERVICES

SUBCHAPTER 8. OFFICE OF SMALL BUSINESS PROCUREMENT AND CONTRACTS

Article 1. General Provisions

§1896. (a) "Business Concern" means:

- (1) an entity organized for profit, including but not limited to, an individual, partnership, corporation, joint venture, association or cooperative; and
- (2) for purposes of California Government Code Section 926.15, a duly authorized non-profit corporation.

(b) "Affiliate" means a business concern which is a subsidiary of or owned in part by another business concern such that the applicant business concern is subject to the control of a non-applicant business concern(s). As an alternative to actual ownership, an affiliation may be based upon the existence of other appropriate factors including common management, shared or common employees and existing contractual relationships: Provided, however, that the restraints imposed on a franchisee by its franchise agreement shall not be conclusive in determining whether the franchisor controls or has the power to control and, therefore, is affiliated with the franchisee, so long as the franchisee maintains the right to profit from its efforts, commensurate with ownership and bears the risk of loss or failure. In the following circumstances there will be a presumption that business concerns are affiliates, however, such presumption may be rebutted by clear and convincing evidence that an affiliation does not, in fact, exist;

(1) If the concern applying for classification as a small business has been assisted by another concern, which is engaged in a similar or commonly related business activity, to meet bonding or other security requirements, and the assisting concern is listed or otherwise designated as a subcontractor or supplier for more than 40% of the contract price required to be performed per the prime bid.

(2) If the controlling or majority owners of concerns which are engaged in similar or commonly related business activity are familiarly related, as defined herein, and have established a business or financial relationship between them.

(3) If 70% or more of the annual receipts for a business concern's preceding fiscal year are derived from the sale, lease or rental of goods supplied by a single manufacturer or supplier and such goods have been acquired by such business concern for:

(A) More accommodating terms and conditions than generally offered by the manufacturer or supplier to other customers; or

(B) A lesser price than generally offered by the manufacturer or supplier to other customers.

(c) "Control" means the authority or ability to regulate, direct, dominate or directly influence the day-to-day operations of any business concern. Every business concern is considered as having one or more parties who directly or indirectly control or have the power to control it. Control may be affirmative or negative, and it is immaterial whether it is exercised so long as the power to control exists. If the concern under consideration is a corporation, it should be noted that a party is considered to control or have the power to control a business concern if such party controls or has the power to control fifty percent or more of its voting stock. In addition, a party is considered to control or have the power to control a concern even though such party owns, controls, or has the power to control less than fifty percent of the concern's voting stock if the block of stock such party owns, controls, or has the power to control, is large as compared with any other outstanding block of stock. If two or more parties each owns, controls, or has the power to control less than fifty percent of the voting stock of a concern and such minority block is equal or substantially equal in size, and large as compared with any other block outstanding, there is a

presumption that each of such parties controls or has the power to control such concern; however, such presumption may be rebutted by clear and convincing evidence that such control or power to control, in fact, does not exist. If a concern's voting stock is distributed other than as described above, its management (officers and directors) is deemed to be in control of such concern. Where more than one class of stock is authorized, all classes of stock and/or subscription agreements may be considered in determining whether the applicant is subject to the control of another entity.

(d) "Conglomerate" means a business concern made up of three or more companies that are legally authorized to do business, simultaneously, within the same or related industries. Factors which may be considered in determining whether the applicant business concern is part of a conglomerate include, but are not limited to, the following:

- (1) Authority and restrictions as indicated in the articles of incorporation, by-laws, partnership agreements and/or other business agreements and documents.
- (2) The financial interest and/or participation in any other business by any owner or key personnel;
- (3) Past and current employment history of owners involved in the business.
- (4) Members of the board of directors and corporate officers;
- (5) Experience, training and expertise of any owners;
- (6) Recent changes in ownership and/or control of the business;
- (7) Financial obligations to and capital contributions from non-owners of the business concern;
- (8) Any documents which indicate who has ultimate authority to make policy and management decisions that legally obligate the business concern.

Business concerns that are affiliated with a conglomerate shall be conclusively presumed to be a conglomerate.

(e) "State Agency" means all State departments, offices, boards, commissions, institutions, State universities and colleges and special organizational entities within State government.

(f) "Joint Venture" means an association of business concerns established for the purpose of engaging in and carrying out a single business venture for joint profit, for which purpose they combine their efforts, property, money, skills or knowledge, but without creating a partnership or a corporation. Additionally, the Joint Venture Agreement must provide that there shall be a distribution of costs, profits, losses and liabilities among all coadventurers in proportion to their contribution to the enterprise.

(g) "Manufacturer" means a business concern which is primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products. Notwithstanding any other provision of law or policy, any process which does not increase the worth, in money, goods or other property, of the raw materials or substances in their processed form, shall not be considered manufacturing and any business concern primarily engaged in performing such processes shall not be considered a manufacturer.

(h) "Industry Dominance" means the exercise or ability to exercise a controlling or major influence, on a statewide basis, in a kind of business activity or field of operation in which a number of business concerns are primarily engaged. In determining whether a business concern is dominant in its field of operation, the following criteria, among others, shall be considered: volume of business; financial resources; competitive status or position; ownership or control of materials, processes, license agreements and facilities; sales territory and nature of business activity. Conglomerates, as defined, shall be presumed to be dominant in their field(s) of operation. Such presumption may be rebutted by clear and convincing evidence that the conglomerate is not, in fact, capable of asserting a major influence or indirect control in the given industry or field of operation. Such evidence may be found on the face of the application or in other documents requested by the Office of Small and Minority Business pursuant to Section 1896(d) of this subchapter.

(i) "Bid" means 1) an offer or proposal of terms made with the purpose of securing the acceptance thereof, by a state agency, thereby creating a contract, or 2) an invitation or solicitation of bids where the state reserves the right to make multiple awards pursuant to such invitation or solicitation.

(j) "Annual Receipts" means all pecuniary receipts (less returns, allowances and interaffiliate transactions), the assignment of such receipts notwithstanding, of a business concern from whatever source derived, as entered or to have been entered on its regular books of account for its most recently completed fiscal year (whether on a cash, accrual, completed contracts, percentage of completion or other commonly recognized and accepted accounting method). Proof of annual receipts must be provided in the form of either:

- (1) A copy of completed tax returns (with all schedules), as filed or to be filed with the United States Department of the Treasury, Internal Revenue Service, for Federal income tax purposes; or
- (2) Audited financial statements covering the applicant business concern and all affiliates; or
- (3) If the documents required under 1 or 2 above are unavailable, an unaudited financial statement covering the applicant business concern and all affiliates; and
- (4) A duly sworn and notarized statement which attests to the truthfulness and accuracy of the unaudited financial statement as well as the authority of the signatory to make such representation regarding the applicant business concern and a promise to provide the information required under 1 or 2 above within 90 days of the effective date of certification.

If a concern which has been in business more than 12 months changes its accounting period (fiscal year), its annual receipts will be determined from its most recently completed 36 month period in business. Once the new fiscal year has been completed, the Office of Small and Minority Business may require a new application which sets forth the applicant's annual receipts under the new fiscal year cycle.

If a concern has acquired an affiliate during the applicable accounting period, it is necessary in computing the applicant's annual receipts, to include the affiliate's receipts during the entire applicable accounting period, rather than only its receipts during the period in which it has been an affiliate. The receipts of a former affiliate are to be included if such concern was an affiliate during a portion of the applicable accounting period.

(k) "Familial Relationship" means relationships between the following family members: Husband, wife, child, stepchild, mother, father, grandparent, brother, sister, grandchild, stepbrother, stepsister, stepmother, stepfather, mother-in-law, father-in-law, brother-in-law, sister-in-law, daughter-in-law, son-in-law, and if related by blood, uncle, aunt, niece, nephew.

(l) "Small Business" as used with regard to a public works contract as defined in Division 2, Part 1, Chapter 1, Section 1101 of the California Public Contract Code, means a business concern which has been issued a currently valid Contractor's license by the State of California and meets the following requirements:

- (1) Has requested the status of a small business and has been approved as such by the Office of Small and Minority Business.
- (2) Is not, together with any affiliate(s), dominant in its field of operations.
- (3) Is independently owned and operated, with the principal place of business located in California, and the officers, in the case of a corporation or owners in all other cases, of such business domiciled in California.
- (4) Does not have, together with any affiliates, annual receipts in the aggregate for the prior three years which exceed the maximum receipts specified below for the applicable Contractor's License Type:

Maximum Receipts for Preceding Three Years

Contractor's License Type

A	General Engineering	\$8,200,000
B	General Building Contractor	8,500,000
C-2	Insulation and Acoustical	3,000,000
C-4	Boiler, Hot water, Steam Fitting	4,200,000
C-6	Cabinet and Mill Work	2,600,000
C-8	Concrete	3,800,000
C-9	Drywall	3,000,000
C-10	Electrical (general)	6,800,000
C-11	Elevator Installation	3,600,000
C-12	Excavation work and paving	2,400,000
C-13	Fencing	2,600,000
C-15	Flooring and Floor Covering	2,400,000
C-16	Fire Protection Engineering	2,600,000
C-17	Glazing	2,600,000
C-20	Warm air heat, ventilating, Air Conditioning	4,200,000
C-21	Building moving, wrecking	3,600,000
C-23	Ornamental Metals	2,600,000
C-26	Lathing	3,000,000
C-27	Landscaping	1,900,000
C-29	Masonry	2,600,000
C-32	Parking and Highway Improvement	2,600,000
C-33	Painting and Decorating	2,600,000
C-34	Pipeline	4,200,000
C-35	Plastering	3,000,000
C-36	Plumbing	4,200,000
C-38	Refrigeration	4,200,000
C-39	Roofing	2,600,000
C-42	Sanitation Systems	4,200,000
C-43	Sheet Metal	2,600,000
C-45	Electrical Signs	6,800,000
C-46	Solar	2,600,000
C-50	Steel, Reinforcing	2,600,000
C-51	Steel Structural	6,000,000
C-53	Swimming Pool	2,600,000
C-54	Tile (Ceramic and Mosaic)	2,200,000
C-55	Water Conditioning	2,600,000
C-57	Well Drilling (Water)	2,600,000
C-60	Welding	2,600,000
C-61	Limited Specialty	2,600,000

These matters shall be set forth by the applicant annually under penalty of perjury, on a form supplied, upon request, by the Office of Small and Minority Business.

The firm shall also set forth on the bid form the name and nature of any business which has assisted it in obtaining bonding for submission of the bid with respect to which the firm seeks a Small Business Preference, and if the firm which rendered bonding assistance is listed as a subcontractor on such bid there shall be set forth on the bid form the percentage of the contract price called for by the prime bid which will be performed by subcontractor .

(m) "Small Business" as used with regard to an agreement for the purchase, lease or rental (with option to purchase) of goods means:

- (1) A business concern which has requested the status of Small Business and has been approved as such by the Office of Small and Minority Business.
- (2) Is not, together with any affiliate(s), dominant in its field of operation.
- (3) Is independently owned and operated, with the principal place of business located in California and the officers in the case of a corporation, or owners in all other cases, of such business domiciled in California.
- (4) A non-manufacturer shall qualify as a Small Business if it is classified by the Office of Small and Minority Business in one of the following industry groups and its annual receipts (including the receipts of all affiliates) in the aggregate, for the preceding three years, do not exceed the maximum receipts specified below for the applicable industry group:

Maximum Receipts for Prior Industry Three Years Group

(i)	Motor Vehicle Dealers	\$20,000,000
(ii)	Automotive Parts and Supplies	8,400,000
(iii)	Furniture	9,500,000
(iv)	Lumber and Plywood and Millwork	8,300,000
(v)	Construction material (except lumber and hardware)	7,100,000
(vi)	Hardware	6,300,000
(vii)	Sporting and Recreational Goods	7,200,000
(viii)	Photographic Equipment and Supplies	6,200,000
(ix)	Aircraft Dealers	8,400,000
(x)	Aircraft Parts and Supplies	6,800,000
(xi)	Metals and Minerals (except petroleum	12,400,000
(xii)	Electrical Apparatus and Equipment	6,900,000
(xiii)	Electrical Appliances, Television and Radio sets	9,800,000
(xiv)	Electronic Parts and Equipment	6,900,000
(xv)	Commercial Machines and Equipment (including EDP)	9,600,000
(xvi)	Plumbing and Hydronic Heating Supplies	7,800,000
(xvii)	Warm Air Heating, Refrigeration and Air Conditioning Equipment	7,500,000
(xviii)	Construction and Mining Machinery and Equipment	17,000,000
(xix)	Farm and Gardening Machinery and Equipment.....	9,500,000
(xx)	Industrial Machinery and Equipment	9,600,000
(xxi)	Industrial Supplies	7,500,000
(xxii)	Professional Service Establishment Equipment and Supplies	7,000,000
(xxiii)	Transportation Equipment and Supplies	7,500,000
(xxiv)	Farm Supplies	7,500,000
(xxv)	Paper and Paper Products (Except Stationery Supplies)	7,500,000
(xxvi)	Stationery Supplies (Including Office Supplies)	6,500,000
(xxvii)	Clothing and Apparel	6,400,000
(xxviii)	Frozen Foods	12,900,000
(xxix)	Dairy Products	16,200,000
(xxx)	Poultry and Poultry Products	16,900,000

(xxxi)	Fresh Fruits and Vegetables	17,900,000
(xxxii)	Meats and Meat Products	17,500,000
(xxxiii)	Fish, Seafood and Groceries (NEC)	12,100,000
(xxxiv)	Chemical Products	7,500,000
(xxxv)	Petroleum Products	21,000,000
(xxxvi)	Durable Goods and Non Durable Goods (NEC)	7,200,000

(5) A manufacturer shall qualify as a small business if it is classified by the Office of Small and Minority Business in one of the following industry groups and its annual receipts (including the receipts of all affiliates) in the aggregate, for the preceding three years, do not exceed the maximum receipts specified below for the applicable industry groups.

		Maximum Receipts for Prior Three Years
Industry Group		
(I)	Food and Kindred Products	
	(a) Meat Products	\$38,600,000
	(b) Dairy Products	29,700,000
	(c) Canned and Preserved Fruits and Vegetables.....	29,700,000
	(d) Grain Mill Products	27,400,000
	(e) Bakery Products	34,700,000
	(f) Sugar and Confectionery	26,000,000
	(g) Fats and Oils	29,000,000
	(h) Beverages	33,500,000
	(i) Misc. Food Preparation	34,700,000
(ii)	Textile Mill Products	
	(a) Broad Woven Fabrics and Knitting Mills.....	20,900,000
	(b) Floor Covering Mills	24,700,000
	(c) Yarn and Thread Mills	22,600,000
	(d) Misc. Textile Goods, NEC	20,600,000
(iii)	Apparel and Other Textile Goods	
	(a) Men's, Youth and Boy's Apparel.....	24,700,000
	(b) Women's, Misses, Junior Outerwear.....	24,200,000
	(c) Women's, Misses, Child and Infant's Underwear	21,400,000
	(d) Hats, Caps and Millinery	12,200,000
	(e) Girl's, Children's, and Infant's Outerwear.....	16,000,000
	(f) Misc. Apparel and Textiles, NEC.....	17,400,000
(iv)	Lumber and Wood Products Except Furniture.....	15,700,000
(v)	Furniture and Fixtures	
	(a) Household Furniture	17,300,000
	(b) Office Furniture.....	18,000,000
(vi)	Paper and Allied Products	30,000,000
(vii)	Printing, and Publishing and Allied Industries.....	16,000,000
(viii)	Chemicals and Allied Products (Except Drugs)..	25,500,000
(ix)	Drugs	21,000,000
(x)	Rubber and Misc. Plastic Products	25,900,000
(xi)	Stone, Clay, and Glass Product	16,900,000
(xii)	Fabricated Metal Products	17,000,000
(xiii)	Machinery, Except Electrical	31,000,000
(xiv)	Electric, Electronic Machinery and Equipment	16,200,000

(xv) Transportation Equipment	
(a) Motor Vehicles and Motor Vehicle Equipment	33,400,000
(b) Aircraft and Parts	31,000,000
(c) Railroad Equipment	15,000,000
(d) Misc. Transportation	19,700,000
(xvi) Measuring Instruments and Related Products	30,500,000
(xvii) Wood Buildings and Mobile Homes	21,000,000
(xviii) Telecommunications Machinery and Equipment..	22,400,000
(xix) Petroleum Refining and Related Industries.....	43,400,000
(xx) EDP Machinery and Equipment.....	24,000,000
(xxi) Manufacturing, NEC Not Specifically Classified in this section	11,400,000

(n) With regard to services the following shall apply:

(1) "Service firm" means any business concern doing business with or proposing to do business with the State of California pursuant to an agreement for the performance of services.

(2) "Agreement for the performance of services" means any contractual arrangement not involving the following:

(A) Public works contracts as defined by the provision of Division 2, Part 1, Chapter 1, Section 1101 of the California Public Contract Code.

(B) The sale, manufacture, lease, or rental, with the option to purchase, of goods; or

(C) Arrangements where the services provided are merely incidental to the sale, manufacture, lease or rental, with the option to purchase, of goods.

(3) "Small Business," when used in reference to a service firm means:

A business concern in which the principal place of business is located in California and the owners (or officers in the case of a corporation) of such business are domiciled in California, which is independently owned and operated and which is not dominant in its field of operation; and which has been classified by Office of Small and Minority Business in one of the following industry groups, and does not have, together with any affiliates, annual receipts for the preceding three years, exceeding the maximum receipts specified below for the applicable industry groups:

Maximum Receipts for Prior Three Years	
Industry Group	
(I) Agricultural and Research Services	\$3,300,000
(ii) Computer, Data Processing and Software Services	4,400,000
(iii) Communications/Telecommunications Services.....	5,200,000
(iv) Architects, Engineers and Survey Services	3,000,000
(v) Consulting, Management and Public Relations....	3,000,000
(vi) Forestry Services	3,000,000
(vii) Landscape and Horticultural Services	1,900,000
(viii) Utility and Refuse Services	
(a) Refuse and Sanitary Services	4,500,000
(b) Sewage Systems	4,500,000
(c) Electric, Gas and Other Utilities	17,500,000
(ix) Business Services	
(a) Advertising	3,800,000
(b) Credit Reporting	2,200,000
(c) Mailing, Photocopying and Blueprint Services	3,300,000
(d) Commercial Photography and Graphics	1,800,000
(e) Stenographer and Reproduction Services	1,700,000

	(f) Personnel Supply Services	3,200,000
	(g) Security Services	4,500,000
	(h) Commercial Testing Labs	3,000,000
	(i) Cleaning/Maintaining of Buildings	2,500,000
	(j) Disinfecting and Exterminating Services	1,900,000
	(k) Window Cleaning	1,800,000
	(l) Accountants, Auditors and Appraisers	3,000,000
	(m) Business Services (NEC)	3,000,000
(x)	Automotive Rental and Leasing	
	(a) Automobiles	5,600,000
	(b) Truck/Tractor	4,900,000
	(c) Utility Trailer	3,500,000
(xi)	Automotive Repair Shops	
	(a) Top and Body Shops.....	2,300,000
	(b) Paint Shops	2,400,000
	(c) General Auto Repair (NEC).....	2,300,000
(xii)	Ground Transport	
	(a) Ground Transport (except taxicabs).....	4,500,000
	(b) Taxicabs	4,800,000
(xiii)	Transport and Travel Agents	4,900,000
(xiv)	Air Transport Services	9,500,000
(xv)	Air Transport Support Services	3,200,000
(xvi)	Warehousing	3,000,000
(xvii)	Freight Transport.....	4,200,000
(xviii)	Personal Services	
	(a) Linen and Diaper Supply.....	4,800,000
	(b) Misc. Personal Services, NEC.....	1,800,000
(xix)	Health and Social Services	
	(a) Physicians and Dentists	2,400,000
	(b) Nursing and Personal Care Facilities.	6,500,000
	(c) Medical and Dental Labs	3,300,000
	(d) Out-Patient Care Localities	3,000,000
	(e) Health Care Practitioners (NEC)	2,700,000
	(f) Job Training and Vocational Rehabilitation Centers.	2,200,000
	(g) Child Day Care	1,700,000
	(h) Residential Care Facilities	1,900,000
	(i) Social Services	1,900,000
(xx)	Legal Services	2,000,000
(xxi)	Video Recording and Motion Picture Services....	4,200,000
(xxii)	Amusement and Recreation Services.....	3,000,000
(xxiii)	Misc. Repair Services	1,800,000
(xxiv)	Equipment Rented/Leasing (NEC)	2,600,000
(xxv)	Misc. Services (NEC)	1,100,000

(o) "Agent" means one who (1) undertakes to transact some business, or to manage or control some affair for a principal by authority and on account of such principal and to render an account of it to such principal, or (2) is authorized by another to act for him or her, one entrusted with another's business or, (3) represents and acts for another under the contractual relationship of agency.

Authority cited: Government Code Sections 14839 (g) and 14843.

Article 2. Small Business Preference

§1896.2. Each State agency, as defined, shall grant to all qualified small businesses, a preference, in awarding contracts, not to exceed 5%. Such preference shall be administered in the following manner(s):

(a) When a state agency procurement is primarily for the purchase, lease or rental, with option to purchase, of goods, such agency shall grant a bidding preference equal to five percent (5%) of the lowest responsible bid, if that low bid has been submitted by a bidder who is not certified as a small business. In no event however, shall the cost of the small business preference exceed the sum of \$50,000 for any bid submitted.

(b) When a state agency procurement is primarily for public works, such agency shall grant the prescribed preference in the following manner(s):

(1) On public works agreements where the lowest responsible bid exceeds \$100,000; and the work to be performed requires a type "A" or "B" contractor's license and two or more subcontractors will be used, preferences shall only be granted to those small business bidders who certify, under penalty of perjury, that at least fifty percent (50%) of subcontractors utilized on the job are certified small businesses. In meeting the 50% requirement, bidders may use certified small businesses and/or small businesses that have applied for certification no later than 5:00 p.m. on the bid opening date and are subsequently granted certification. The 50% small business subcontractor utilization level shall be maintained throughout the term of the contract. The preference shall otherwise be applied as provided in subsection (a) of this section.

(2) In all other procurements involving public works, the small business preference shall be applied in the manner specified in subsection (a) of this section.

(3) In no event shall the cost of the small business preference exceed the sum of \$50,000 for any bid submitted.

(c) When a state agency procurement is for an agreement for the performance of services, as defined, such agency shall grant the prescribed preference in the following manner;

(1) When the required service(s) are being solicited by means of an Invitation for Bids or a Request for Proposals and the contract will be awarded to the firm or individual submitting the lowest responsible monetary bid, preferences shall be applied in the manner specified in subsection (a) of this section.

(2) When the required services are being solicited by means of a Request for Proposals (RFP's) and the contracting agency establishes that it is necessary that the contract be awarded to a firm or individual based upon the total accumulation of points, all qualified small businesses shall be granted, in addition to the earned score, a preference consisting of five percent of the price component of the highest scored proposal, if that proposal is submitted by another bidder who is not certified as a small business. Because RFP's which provide for contract award via the secondary method (point count) have the effect of diluting the benefit of the small business preference, the use of such RFP's is strongly discouraged and must be limited to those rare instances when agencies seek a unique solution to a specified problem which cannot be resolved by the lowest bidder.

(d) Notwithstanding any other provisions, the small business preference shall be applied to the procurement of electronic data processing and telecommunication goods and services only in those instances where the award will be made to the lowest responsible bidder meeting specifications. When an agency elects to award an electronic data processing or telecommunication contract on a basis other than cost alone, the small business preference shall not apply. When an agency elects to award an electronic data processing or telecommunication contract to the lowest responsible bidder meeting specifications, the small business preference shall be administered in the manner specified in subsection (a) of this section.

(e) If, after applying the preference (as described in the preceding subsections) to a small business bidder's bid, that bid is equal to or lower than the lowest non-small business bid, or equal to or higher than the highest scored non-small business proposal, the award shall be made to the small business.

(f) All other requirements of law, including but not limited to, the State Contract Act and the Subletting and Subcontracting Fair Practices Act, as well as applicable sections of the California Labor Code, shall apply.

Authority cited Section 14839(g), Government Code.

Reference: Sections 14838 and 14836(b), Government Code.

§1896.4. (a) The Office of Small and Minority Business will provide the following, in addition to other forms of assistance:

(1) In preparing standard form for contractor's Statement of Experience and Financial Condition required for contracts let by Office of the State Architect.

(2) In preparing bidder questionnaire form for prequalification of bidders for purchases made by the Office of Procurement.

(b) Assistance in obtaining information on licensing, bonding, and insurance requirements necessary to bid.

(c) Assistance in the preparation of bids and proposals to be submitted to state agencies.

(d) Assistance in understanding the provisions of the State Contract Act, applicable Labor Code provisions and the Subletting and Sub-Contracting Act as they apply to construction contracts, and the State Purchasing Act as it applies to State procurements.

Authority cited: Government Code Section 14843.

Reference: Government Code Sections 14837, 14838, 14839 and 14842.

§1896.6. Agents by definition are not independently owned and operated and cannot therefore qualify as a Small Business. Persons employed for the sale of goods or services such as brokers, factors, commission agents, commission merchants, factory representatives, or mercantile agents are included in the definition of agents set forth at subsection 1896(o). There is a presumption that persons transacting business under such titles or similar titles are agents; however, such presumption may be rebutted by clear and convincing evidence that an agency relationship in fact does not exist.

In determining whether an agency relationship exists, consideration shall be given to all appropriate factors, including contractual relationships, apparent business arrangements, the passage of title to goods or merchandise, shipping and billing practices, inventories, and control in dictating bid quotes. Where a firm represents a manufacturer or supplier as an agent and also transacts business with the same manufacturer or supplier and for the same products on a non-agent basis, there will be a conclusive presumption that the concerns are affiliated.

Authority cited: Government Code Section 14843.

Reference: Government Code Sections 14837-14839 and 14842 .

§1896.8. To assist the Office of Small and Minority Business and the Department of General Services in preparing reports and compiling information in accordance with the Small Business Procurement and Contract Act, all state agencies shall submit reports at such intervals and upon such formats as requested by the Department of General Services.

Authority cited: Government Code Section 14843.

Reference: Government Code Sections 14839, 14840 and 14841 .

§1896.10. Prequalification of Small Business Bidders on State Procurements. Notwithstanding the requirements of Section 1896 et seq., of the California Code of Regulations, the Director may modify the requirements for the Experience and Inventory normally required as stated in the Rules for Prequalification of Vendors under Section 1890 of the California Code of Regulations if a Small Business can present evidence that they have the ability, resources, and facilities to adequately supply the State.

(a) Such evidence may, among other things, consist of:

- (1) Adequate capitalization or financial backing
- (2) Bondability
- (3) Prior experience of individuals within the Small Business
- (4) Assurances from a supplier of a Small Business that adequate supplies are available to the bidder to meet the needs of the State.

Authority cited: Government Code Section 14843.

Reference: Government Code Sections 14837, 14838, 14839 and 14842.

§1896.12. In order to receive the small business preference on bids submitted to state agencies, business concerns must have a completed application (including proof of annual receipts) on file with the Office of Small and Minority Business, request a preference and meet all applicable requirements under this subchapter and the State Small Business Procurement and Contract Act, (including but not limited to evidence to rebut presumptions) not later than five o'clock (5:00 p.m.) on the date on which the subject bid is opened. All business concerns that meet the requirements, as specified, for small business qualification shall be certified as a small business and shall be accorded all rights and privileges due pursuant to that classification. Such certification may be valid for not less than six (6) nor more than thirty-six (36) months, however, every certified small business shall be subject to reverification of status at any time that the Office of Small and Minority Business, based upon information not disclosed in the most recent application, deems appropriate.

Failure by a Small Business to provide information requested, pursuant to a reverification within the time specified by the Office of Small and Minority Business, shall be grounds for immediate decertification of status. It is the obligation of all certified small businesses to provide written notification, to the Office of Small and Minority Business, of any changes in the operation or ownership of the certified business concern. If a certified small business fails to notify the Office of Small and Minority Business of a change in operation or ownership and such change renders the current application incomplete, the Office of Small and Minority Business shall suspend the small business certification of such business concern until the current application is completed. If, upon reverification the small business no longer meets the requirements of the Small Business Procurement and Contract Act or the regulations set forth in this subchapter; the office of Small and Minority Business shall, in accordance with Section 1896.20, immediately decertify such business concern and within twenty (20) working days of final decertification, determine whether there are grounds for the imposition of appropriate sanctions against the decertified business concern.

Authority cited. Section 14843, Government Code.

Reference: Sections 14838, 14839, 14842 and 14842.5, Government Code.

§1896.14. Notwithstanding any other provision, under the following circumstances, business concerns, bidding as a joint venture, as defined by Section 1896(f), shall be exempt from the annual receipts limit imposed by this subchapter:

- (a) Each individual coadventuring business concern must meet the definition of a Small Business as set forth by this subchapter; and
- (b) Each individual coadventuring business concern must be non-affiliated within the meaning of Section 1896(b); and

(c) Each individual coadventuring business concern must have filed a completed application (including proof of annual receipts) not later than five (5) working days prior to the opening of any bid on which a small business preference is sought; and

(d) Every individual coadventuring business concern shall agree that sanctions, imposed by the Department of General Services, on the joint venture are equally applicable to each coadventurer.

Notwithstanding the provisions of Section 1896.12, joint ventures must be certified on a bid by bid basis. It shall be presumed that certified small business joint ventures are not conglomerates within the meaning of Section 1986(d). This presumption may be rebutted by clear and convincing evidence that co-adventurers are affiliated independent of the joint venture agreement.

Authority cited: Government Code Section 14839(g).

Reference: Government Code Sections 14838 and 14839.

§1896.16. Every business concern which submits an application for certification as a small business shall be notified of any deficiencies in the application within 30 working days of the receipt of such application by the Office of Small and Minority Business. Once the Office of Small and Minority Business has received a completed application, it shall notify the applicant of its determination within 30 working days of the receipt of such completed application. Nothing contained herein shall be construed as a limitation on the ability of the Office of Small and Minority Business to certify a business concern in less than 30 working days. Based upon prior workload performance, the minimum, mean, and maximum time(s) required to process an application for certification are 2, 20, and 30 working days, respectively.

Authority cited: Government Code Section 14843.

Reference: Government Code Sections 14839 and 14842 .

§1896.18. (a) A business which has obtained certification as a small business by reasons of having furnished incorrect supporting information and which by reason of such certification has been awarded a contract to which it would not otherwise be entitled shall in addition to sanctions imposed pursuant to Government Code Section 14842.5:

(1) Pay to the State any difference between the contract amount and what the State's costs would have been if the contract had been properly awarded;

(2) In addition to the amount described in subdivision (a), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract involved; and

(3) Be ineligible to transact any business with the Department for a period of not less than three months and not more than 24 months.

(b) Prior to the imposition of any sanction under subsection 1896.18(a) above, the contractor or vendor shall be entitled to a public hearing and to five days' notice of the time and place thereof. The notice shall state the reasons for the hearing.

Authority cited: Government Code Section 14843.
Reference: Government Code Sections 14839 and 14842.

§1896.20. All proposed determinations of noneligibility for certification made by the Office of Small and Minority Business, also known as **the Office of Small Business Certification and Resources**, shall become final unless such determination is appealed in a timely manner. Any business concern which believes that the proposed determination will result in its being wrongly denied certification as a small business by the Office of Small and Minority Business, also known as the Office of Small Business Certification and Resources, may file an appeal in writing, signed and dated, with the Director of the Department of General Services. The appeal must be filed no later than 10 calendar days after the date of notice of decertification or denial of certification. The Director may, upon written request which specifies the reasons for such request, extend the time for filing or waive the time limit in the interest of justice, specifying in writing the reasons for doing so. Following receipt of an appeal filed as prescribed by these regulations, the Department of General Services shall determine whether the appeal is to be resolved by written submission of material or by public hearing where the appeal is based upon an original application for certification or a renewal of an expired certification. Where the appeal is based upon the revocation of a currently valid certification the appeal shall be resolved by public hearing. In the event a public hearing is to be held, the department shall set a date, time and place for the hearing and shall so notify all interested parties not less than 5 calendar days in advance of the hearing. The department may in its discretion upon notice to all interested parties, as defined by Title 2, California Code of Regulations Section 1195(b), change the date of, postpone or continue the hearing at the request of an interested party upon showing of good cause or upon its own motion. The location of the hearing shall be at the discretion of the hearing officer and situated for the convenience of all parties.

In the event the appeal is to be determined through written submissions, notice shall be sent to all interested parties, each of whom may submit written argument in support of its position in accordance with the deadline established by the hearing officer. The determination that the appeal shall be determined through written submission shall be made upon the hearing officer's evaluation that oral or additional testimony would be unnecessary to a full understanding of the issues.

Any written submission to the Department of General Services including that submitted for purposes of the hearing shall be in an original and two copies, together with proof of service of a copy to each interested party. At any time the Department of General Services finds that an appeal is clearly insufficient on its face, entirely without merit, or outside of the jurisdiction of the department, it may make final disposition of the appeal forthwith.

The powers and responsibilities of the hearing officer, the period allowed for rendering a decision and the form of notice shall be the same as those established by Title 2, Subchapter 1.5, Sections 1195.4, 1195.5 and 1195.6 respectively, of this Code.

Authority cited: Government Code Sections 4535.3, 14839(g) and 14843,
Reference: Government Code Sections 4530, 4533, 4533.1, 4534, 4534.1, 14837, 14838, 14839, 14839.1 and 14842.5,

§1896.31. Whenever a state agency prepares an invitation for bid (IFB) for a contract for the purchase of goods, the cost of which is estimated to be in excess of \$100,000, except a contract where the worksite

will be fixed by the terms of the contract, provision shall be made in the IFB for a 5 percent preference for California based companies who certify under the penalty of perjury that no less than 50 percent of the labor required to perform the contract shall be accomplished at a worksite or worksites located in a distressed area.

Authority cited: Government Code Section 4535.3.

Reference: Government Code Section 4533 .

§1896.32. Where a bidder complies with the provisions of rule 1896.31 the state shall award additional preferences ranging from 1 percent to 4 percent in accordance with Government Code Section 4533.1 if the bidder certifies under penalty o perjury it will hire the specified percentage of persons with high risk of unemployment during the period of contract performance.

Authority cited: Government Code Section 4535.3.

Reference: Government Code Section 4533.1.

§1896.33. Preferences provided for by sections 1896.31 and 1896.32 for a contract for goods shall be granted in an amount equal to a corresponding percentage of the lowest responsible bid: provided, however, that for contract award purposes the total of any preferences for which the low responsible bidder qualifies under any provision of law shall be deducted from the total of any preferences to which a higher bidder may be entitled.

Authority cited: Government Code Section 4535.3.

Reference: Government Code Sections 4533, 4533.1.

§1896.34. Whenever a state agency prepares an IFB or a request for proposals (RFP) for a contract for services, the cost of which is estimated to be in excess of \$100,000, except an IFB or a RFP where the worksite is fixed by the terms of the contract, provision shall be made in the IFB or the RFP for a 5 percent preference on the price submitted by California based companies who certify under penalty of perjury that they shall perform the contract at a worksite or worksites located in a distressed area.

Authority cited: Government Code Section 4535.3.

Reference: Government Code Section 4534 .

§1896.35. Where a bidder complies with the provisions of rule 1896.34 the state shall award additional preferences ranging from 1 percent to 4 percent in accordance with Government Code Section 4534.1 if the bidder certifies under penalty of perjury it will hire the specified percentages of persons with high risk of unemployment for contract performance.

Authority cited: Government Code Section 4535.3.

Reference: Government Code Section 4534.1 .

§1896.36. Preferences provided for by sections 1896.34 and 1896.35 for a contract for services shall be granted in an amount equal to a corresponding percentage of the price offered by the lowest responsible bid or the lowest responsible proposal: provided, however, that for contract award purposes the total of any preferences for which the low responsible bidder qualifies under any provision of law shall be deducted from the total of any preferences to which a higher bidder may be entitled.

Authority cited: Government Code Section 4535.3.

Reference: Government Code Sections 4534, 4534.1.

§1896.37. No preference provided for under Article 1 shall be granted unless the lowest responsible bid or proposal received is in excess of \$100,000: provided, further, that if a state awarding authority has reserved the right in its Invitation for Bids or Request for Proposals to award multiple contracts on the basis of individual items, no preference provided for under Article 1 shall be granted for the purpose of a multiple contract award unless the lowest responsible bid or proposal submitted for a particular individual item or group of items that is the basis for contract award, is in excess of \$100,000.

Authority cited: Government Code Section 4535.3.

Reference: Government Code Sections 4533 and 4534 .

§1896.38. The Department of General Services with the cooperation of the State Office of Planning and Research shall assist prospective bidders in identifying those areas of the state which qualify as distressed areas under the Act and by otherwise being of general assistance.

Authority cited: Government Code Section 4535.3.

Reference: Government Code Section 4532(d).

§1896.39. The Employment Development Department shall assist bidders seeking to certify that they will employ persons with high risk of unemployment in recruiting eligible job applicants and shall certify such applicants, except youths participating in qualified cooperative education programs who shall otherwise be certified.

Authority cited: Government Code Section 4535.3.

§1896.40. All IFB's and RFP's and contracts prepared by a state agency relative to contracts for goods or for services which will, or are estimated to exceed \$100,000 in cost, and which are subject to the provisions of the Act, will include either expressly or by reference the following:

(a) Contractor or vendor agrees to comply with the requirements of the Target Area Contract Preference Act (Government Code Section 4530, et seq.) and attendant rules and regulations. (Title 2, California Administrative Code, Section 1896.30, et seq.).

(b) Contractor or vendor agrees that the state contracting agency, or its delegee, will have the right to inspect its facilities and operations and to inspect, review, obtain, and copy all records pertaining to performance of the contract or compliance with the requirements of the Act and attendant rules and regulations. Contractor or vendor further agrees that such records shall be maintained for a period of three (3) years after final payment under the contract.

(c) Contractor or vendor agrees with respect to a certification to hire persons with high risk of unemployment, to:

- (1) Act in good faith for the purpose of maintaining such persons as employees for the duration of contract performance; and
- (2) To make a reasonable effort to replace such persons, who for any reason permanently cease to be on the payroll, with other persons with high risk of unemployment; and
- (3) To promptly report to the state contracting agency and thereafter confirm in writing within seven (7) days the names of any such persons who have been terminated or absent from work for more than three (3) consecutive work days and to communicate the reasons for the termination or absence. The contractor or vendor agrees under such circumstances to consult with the state contracting agency and the Employment Development Department with respect to replacement of such persons.

Authority cited: Government Code Section 4535.3.

Reference: Government Code Section 4535.

§1896.41. The state contracting agency shall be responsible for conducting the hearings authorized by Government Code Section 4535.1 relative to contract awards obtained due to the furnishing of a false certification. The state contracting agency may enter into an agreement for the purpose of having another state agency or office conduct such hearings and to furnish the state contracting agency with a report of findings and a recommendation.

Authority cited: Government Code Section 4535.3.

Reference: Government Code Section 4535.1.

**TITLE 2. ADMINISTRATION
DIVISION 2. FINANCIAL OPERATIONS**

CHAPTER 3. DEPARTMENT OF GENERAL SERVICES

**SUBCHAPTER 10. SMALL BUSINESS OFFICE -LATE PAYMENTS ON STATE CONTRACTS
WITH SMALL BUSINESSES**

§1896.50. For the purpose of determining whether a business qualifies for the penalty established by Government Code Section 926.15, the following definitions of small business shall apply:

(a) "Small Business," as used with regard to a construction contractor, means an individual or enterprise qualifying for the small business preference under Title 2, Subchapter 8, Section 1896(l) of this code.

(b) "Small Business," as used with regard to an agreement for the purchase, lease or rental (with option to purchase) of goods, means an individual or enterprise qualifying for the small business preference under Title 2, Subchapter 8, Section 1896(m) of this code.

(c) "Small Business" as used with regard to a Service firm means an individual or enterprise qualifying for the small business preference under Title 2, Subchapter 8, Section 1896(n) of this code.

Authority cited: Government Code Sections 926.15(e) and 14843.

Reference: Government Code Sections 926.15 and 14839.1; and California Administrative Code Sections 1896(l), (m) and (n); and Public Contract Code Section 1101.

1896.51. The standards for, and definition of "affiliation" under this subchapter shall be the same as those established by Title 2, Subchapter 8, Section 1896(a) of this code.

Authority cited: Government Code Sections 926.15(e) and 14843.

Reference: Government Code Sections 926.15(e); and California Administrative Code Section 1896(a).

**TITLE 2. ADMINISTRATION
DIVISION 2. FINANCIAL OPERATIONS**

CHAPTER 3. DEPARTMENT OF GENERAL SERVICES

**SUBCHAPTER 10.5. MINORITY, WOMEN, AND DISABLED VETERAN
BUSINESS PARTICIPATION GOALS FOR STATE CONTRACTING**

§1896.60. For purpose of Public Contract Code section 10295, an awarding department shall demonstrate compliance with article 1.5 (commencing with section 10115) of chapter 2 of part 2 of division 2 of the Public Contract Code and these regulations.

Authority cited: Government Code Sections 14600 and 14615; and Public Contract Code Sections 10115.3(b) and 10295.
Reference: Public Contract Code Section 10295.

§1896.61. As used in these regulations:

(a) For the purposes of the DVBE participation program as related to contracts, the term "administering agency" means the office of Small and Minority Business within the Department of General Services.

(b) The term "awarding department" shall have the meaning set forth in Section 10115.1(a) of the Public Contract Code.

(c) The term "bidder" means any person or entity, persons, firm, sole proprietorship, partnership, corporation, M/W/DVBE combination, or joint venture thereof making an offer, a proposal, or submitting a response to a solicitation competitively or non-competitively, for the purpose of securing a contract with an awarding department.

(d) The term "considered" as used in Section 10115.2(b)(5) of the Public Contract Code means that the bidder made a bona fide effort to carry out all actions specified in Section 10115.2(b)(1-5) (except Section 10115.2(b)(3) of the Public Contract Code when the awarding department has waived the advertising requirements of Section 10115.2(b)(3) of the Public Contract Code in the solicitation), and reviewed M/W/DVBE responses and carefully evaluated and documented the reasons for not selecting such potential subcontractors. The bidder must consider all responding subcontractors for a specified service based upon the same information and evaluation criteria.

(e) The term "contract" means any agreement as defined by Section 10115.1(b) of the Public Contract Code. It does not include agreements such as those executed pursuant to Chapter 6 (commencing with Section 16850) of Part 3 of Division 4 of Title 2 of the Government Code; subvention aid or local assistance contracts including those contracts providing assistance to local governments and aid to the public directly or through an intermediary, such as a non-profit corporation organized for that purpose; agreements with other governmental entities; and agreements with sheltered workshops (as described in Welfare and Institutions Code Section 19404, et seq.).

(f) The term "control" as applied to "ownership (or management) and control" of M/W/DVBE means the M/W/DVBE owner(s) and/or DVBE manager(s) must demonstrate expertise specifically in the firm's field of operation in controlling the overall destiny and the day-to-day operations of the firm. Office management, clerical, or other experience unrelated to the firm's field of operations is insufficient to establish control. This control is comprised of two parts - Managerial and Operational.

(1) To have managerial control, the M/W/DVBE owner(s) and/or DVBE manager(s) must demonstrate responsibility for the critical areas of the firm's operations. The M/W/DVBE Owner(s) and/or DVBE manager(s) must be personally responsible for at least one of the following:

- (A) Negotiations, execution and signature of contracts; or
- (B) Execution (signature) of financial (credit, banking, bonding) transactions and agreements.

(2) To have operational control, the M/W/DVBE owner(s) and/or DVBE manager(s) must demonstrate that he/she independently makes basic decisions in daily operations. Absentee or titular ownership by the M/W/DVBE owner(s) and/or DVBE manager(s) must include an active role in controlling the business. Control may be demonstrated in various ways such as:

(A) M/W/DVBE owner(s) and/or DVBE manager(s) have the ability to appoint or elect and to remove the majority of the Board of Directors;

(B) No formal or informal restrictions exist to limit voting power or control of the M/W/DVBE owner(s) and/or DVBE Manager(s);

(C) No third party agreements restrict control by M/W/DVBE owner(s) and/or DVBE Manager(s);

(D) M/W/DVBE owner(s) and/or DVBE Manager(s) possess the requisite experience, education, knowledge and qualifications in the firm's field of operations;

(E) Salary/profits of M/W/DVBE owner(s) and/or DVBE Manager(s) are commensurate with their ownership interest;

(F) M/W/DVBE owner(s) receive at least 51% of any dividends paid by the firm including distribution upon liquidation; and

(G) M/W/DVBE owner(s) are entitled to 100% of the value of each share of stock they hold if sold.

(H) M/W/DVBE owner(s) and/or DVBE Manager(s) control the operation of the firm in the following areas:

1. Financial

2. Bonding

3. Supervision - direct responsibility for subordinates

4. Work force - direct responsibility for subordinates or subcontractors

5. Equipment

6. Materials

7. Facilities (office/yard)

(g) The term "Department" or "DGS" means the Department of General Services.

(h) The term "disabled veteran" means a veteran of the military, naval or air service of the United States with a service-connected disability who is a resident of the State of California.

(i) The term "disabled veteran business enterprise" or "DVBE" means a business concern that the Office of Small and Minority Business has certified as a DVBE.

(j) The term "formal certification" means the M/WBE has received a letter or document from the California Department of Transportation (or other participating state or local agency as identified by the California Department of Transportation pursuant to Section 2054 of the Public Contract Code) which reflects certification as a M/WBE according to California law.

(k) The term "joint venture" or "M/W/DVBE combination" means two or more parties who join together for a common business enterprise in which profits, losses and control are shared. The agreement between the parties must be set forth in writing.

(l) The term "Minority and/or Women and/or Disabled Veteran Business Enterprise (M/W/DVBE) Focus and Trade Paper" means a publication that meets all of the criteria of Sections 1896.61(q) and (v).

(m) The term "minority business enterprise" ("MBE"), shall have the meaning set forth in Section 10115.1(e)(1-3) of the Public Contract Code.

(n) The term "M/WBE" means minority and/or women business enterprise.

(o) The term "M/W/DVBE" means minority, women, and/or disabled veteran business enterprise.

(p) The term "M/W/DVBE contractor, subcontractor or supplier" means any person or entity that satisfies the ownership (or management) and control requirements of Section 1896.61(f); is certified in accordance with Sections 1896.65 and/or 1896.70; and provides services or goods that contribute to the fulfillment of the contract requirements by performing a commercially useful function. A M/W/DVBE

contractor, subcontractor or supplier is considered performing a commercially useful function when it meets the following criteria:

- (1) The business concern is: responsible for the execution of a distinct element of the work of the contract; carrying out its obligation by actually performing, managing or supervising the work involved; and performing work that is normal for its business services and functions, and
- (2) The business concern is not further subcontracting a greater portion of the work than would be expected by normal industry practices.

(q) The term "papers focusing on minority, women, and disabled veteran business enterprises" used in Section 10115.2(b)(3) of the Public Contract Code or focus papers means any publication that meets all of the following criteria:

- (1) has an orientation relating to minority and/or women, and/or disabled veteran business enterprise(s);
- (2) is known and used by members of the minority and/or women, and/or disabled veteran business enterprise community;
- (3) primarily offers articles, editorials (if any), and advertisements of business opportunities aimed at minority and/or women, and/or disabled veteran business enterprises; and
- (4) is available within the geographic area for which the advertisement is placed and for which the services are to be performed.

(r) The term "participation goals" or "goals" means a numerically expressed M/W/DVBE objective that bidders are required to make efforts to achieve in accordance with Section 10115(c) of the Public Contract Code.

(s) The term "self-certification" means the authorized representative(s) of the MBE(s) or WBE(s) signs a statement on the STD. 842 Form (Rev. 10-93) or its equivalent in accordance with Sections 1896.65 and 1896.95, Subchapter 10.5, Title 2, California Code of Regulations declaring that the MBE(s) or WBE(s) has satisfied all legal requirements for MBE or WBE status.

(t) The term "solicitation" means an announcement to bidders describing a specific purchase or contracting opportunity and its requirements, and which invites bidders to submit offers in response thereto. Such announcements may include, but are not limited to: Invitations for Bid (IFB), Requests for Proposals (RFP), Requests for Qualifications or Request for Quotation (RFQ), or Price Requests.

(u) The term "Statutory Disability" as it is used in this Subchapter means a service-connected disability enumerated under Title 38, United States Code, Section 1114.

(v) The term "trade paper" used in Section 10115.2(b)(3) of the Public Contract Code means a publication that meets all of the following criteria:

- (1) has a business orientation relating to the trade or industry for which the advertisement is being placed;
- (2) is known and used by members of that trade or industry;
- (3) primarily offers articles, editorials (if any), and advertisements of business opportunities aimed at that trade or industry; and,
- (4) is available within the geographic area for which the advertisement is placed and for which the services are to be performed.

(w) The term "veteran with a service-connected disability" means the United States Department of Veterans Affairs or United States Department of Defense has declared that the veteran is currently 10 percent or more disabled as a result of service in the armed forces.

(x) The term "women business enterprise" ("WBE") shall have the meaning set forth in Section 10115.1(f)(1-3) of the Public Contract Code.

Authority cited: Government Code Sections 14600 and 14615,
Public Contract Code Sections 2052, 10115.3(b) and 10295; Military and Veterans Code Section 999.5(b).
Reference: Public Contract Code Sections 10115, 10115.1, 10115.2, 10115.3, 10115.5 and 10295; and
Military and Veterans Code Section 999.

§1896.62. (a) The minority, women, and disabled veteran business enterprise participation program goals established in Public Contract Code Section 10115(c) apply to the overall annual expenditures of the awarding department for contracts as defined by Section 1896.61(e), Subchapter 10.5, Title 2 of the California Code of Regulations.

(b) The director of the awarding department may establish participation goals either less than or in excess of the statutory goals of 15 percent MBE(s), 5 percent WBE(s), and/or 3 percent DVBE(s) for a specific solicitation, project or contract as long as the overall goals of 15 percent MBE(s), 5 percent WBE(s), and 3 percent DVBE(s) are satisfied as defined by Section 10115(c) of the Public Contract Code.

(c) To qualify as a responsive bidder for contracts awarded as the result of a solicitation process when M/W/DVBE participation goals are specified, in addition to meeting all other technical and/or administrative requirements specified in the solicitation, a bidder must document in the bidder's response to the solicitation, at or prior to the time of bid opening, that the bidder made a commitment to fulfill participation goals, or made a good faith effort to meet the participation goals.

(d) Except as may be changed by Section 1896.62(b), the requirement for satisfying participation goals shall be deemed to have been met if a bidder:

- (1) Is a minority business enterprise and is committed to performing not less than 15 percent of the dollar amount of the bid with its own forces or in combination with those of other MBE(s) and is committed to use WBE(s) for not less than 5 percent of the dollar amount of the bid response, and is committed to use DVBE(s) for not less than 3 percent of the dollar amount of the bid response; or
- (2) Is a women business enterprise and is committed to performing not less than 5 percent of the dollar amount of the bid with its own forces or in combination with those of other WBE(s) and is committed to use MBE(s) for not less than 15 percent of the dollar amount of the bid response and is committed to use DVBE(s) for not less than 3 percent of the dollar amount of the bid response; or
- (3) Is a disabled veteran business enterprise and is committed to perform not less than 3 percent of the dollar amount of the bid with its own forces, or in combination with those of other disabled veteran business enterprises and is committed to use MBE(s) for not less than 15 percent of the dollar amount of the bid and is committed to use WBE(s) for not less than 5 percent of the dollar amount of the bid; or
- (4) Is a non-M/W/DVBE and is committed to use MBE(s) for not less than 15 percent, and WBE(S) for not less than 5 percent, and DVBE(s) for not less than 3 percent of the dollar amount of the bid response.

(e) The awarding department shall find that the M/W/DVBE combination or joint venture has met the requirements for any one or more of the participation goals (MBE or WBE or DVBE) providing the M/W/DVBE combination or joint venture satisfies all of the following conditions:

- (1) A bidder uses the M/W/DVBE status of the bidder's joint venture partner(s) to meet one or more of the participation goals; and
- (2) Each M/W/DVBE joint venture partner used to satisfy participation goals also satisfies the 51% ownership and/or control requirements for status as a MBE or WBE or DVBE as an independent enterprise outside the joint venture; and
- (3) Each M/W/DVBE joint venture partner is responsible for a clearly defined portion of the work, identified both as a task and as a percentage share/dollar amount of the overall project/response to the solicitation. The goal attainment claimed in the response to the solicitation cannot exceed the percentage share of the work to be performed by each MBE, WBE or DVBE partner as claimed in the joint venture agreement.
- (4) If the M/W/DVBE combination or joint venture bidder/contractor is unable to satisfy any one of the goals of 15 percent MBE, 5 percent WBE, or 3 percent DVBE, using any one of its joint venture partners, the M/W/DVBE combination or joint venture bidder/contractor will satisfy the goals as prescribed in Section 1896.62(d). If unable to satisfy any one of the goals, the M/W/DVBE

combination or joint venture bidder/contractor will conduct a good faith effort as prescribed in Section 1896.63.

- (f) The bidder's authorized representative shall
- (1) list the name of each M/W/DVBE firm proposed for use in the performance of the contract and indicate whether it is a MBE or a WBE or a DVBE, and each firm claimed may satisfy only one goal in a single response to a solicitation;
 - (2) list the percentage share/dollar amount of the overall contract to be performed by each M/W/DVBE; and
 - (3) describe the task to be performed by such M/W/DVBE.

Authority cited: Government Code Sections 14600 and 14615; and Public Contract Code Sections 10115.3(b) and 10295; and Military and Veterans Code Section 999.5(b).

Reference: Public Contract Code Sections 10115 and 10115.2; and Military and Veterans Code Section 999(g) and (i).

§1896.63. (a) Bidders must satisfy the good faith effort requirement (unless goals are met) at the time of bid opening.

(b) If participation goals are not met, the bidder shall comply with the requirements of Section 10115.2(b)(1) through (5) including (3) unless the advertising requirements of that subsection are waived by the awarding department. The awarding department shall require documentation of that compliance in the solicitation document. The bidder shall submit documentation of that compliance with the bid.

(c) The awarding department shall evaluate the effort made by the bidder to seek out and consider minority, women, and disabled veteran business enterprises as potential subcontractors for services, materials, labor, supplies or equipment. In evaluating such effort, the awarding department shall require written evidence that the bidder completed the actions specified in Public Contract Code Section 10115.2(b)(1), (2), (4), and (5). Unless the awarding department waived the advertising requirement, the written evidence must also include advertising as specified in Section 10115.2(b)(3). Based on this evaluation, the awarding department, in its sole discretion, may find that the bidder has met the good faith effort requirement.

(d) Unless it waives the good faith effort advertising requirements of Section 10115.2(b)(3) of the Public Contract Code, the awarding department shall require that:

(1) Bidders must advertise in trade papers and minority, women, and disabled veteran business enterprise focus papers, as specified in the solicitation. Trade papers and minority, women, and disabled veteran business enterprise focus papers as defined in Section 1896.61 must be acceptable to the awarding department.

(2) Unless otherwise specified in the solicitation document, bidders must publish advertisements in trade and focus publications at least 14 calendar days prior to the due date of the response to the solicitation. (Awarding departments may waive the advertising requirement or establish an advertising period of less than 14 calendar days if time limits do not permit a 14 day advertising period.)

(3) Solicitation documents must contain one of the following:

(A) The Office of Small and Minority Business (OSMB) Resource Packet for trade and focus publications; or

(B) A list of trade and focus publications specific to the business of the awarding department; or

(C) The following paragraph:

In accordance with Public Contract Code Section 10115.2(b)(3), bidders must advertise in trade and focus publications unless all M/W/DVBE goals are satisfied. The Office of Small and Minority Business (OSMB) publishes a list of trade and focus publications to assist bidders in meeting these contract requirements. To obtain this list, please contact the OSMB and request the "Resource Packet". The OSMB may be contacted at:

(Awarding Department to list current address and telephone number of OSMB.)

Authority cited: Government Code Sections 14600 and 14615; and
Public Contract Code Sections 10115.3(b) and 10295, and Military and Veterans Code Section 999.5(b).
Reference: Public Contract Code Sections 10115 and 10115.2; and Military and Veterans Code Section 999.5(b).

§1896.64. (a) If a bidder fails to meet the "good faith effort" requirement of section 1896.63, such bidder shall be deemed not to be a responsive bidder for purposes of an awarding department's evaluation of an award of contract and is thus ineligible for an award. No provision of these regulations, however, shall be deemed to require the awarding department to make an award.

(b) With respect to invitations for bid for the purchase of supplies or equipment pursuant to the provisions of article 3 of chapter 2 of part 2 of division 2 of the Public Contract Code (commencing with section 10301) or the acquisition of goods and services pursuant to the provision of chapter 3 of part 2 of division 2 of the Public Contract Code (commencing with section 12100) where the awarding department has reserved the right to make multiple awards or a single contract award, a bidder shall be deemed responsive regarding the requirement for the making of a good faith effort if there would be compliance with the provisions of section 1896.63 based on award for a single contract, notwithstanding such bidder may be unable to achieve compliance to meet the established goals if the awarding department exercises the right to make multiple awards.

(c) Substitution of M/W/DVBE

(1) After award of a contract, the successful bidder/contractor must use the M/W/DVBE subcontractors and/or suppliers proposed in the solicitation response to the State per Section 1896.62 unless a substitution is requested. The bidder/contractor must request the substitution in writing to the awarding department and the awarding department must have approved the substitution in writing. At a minimum the substitution request must include:

(A) A written explanation of the reason for the substitution; and if applicable, the contractor must also include the reason a non-M/W/DVBE subcontractor is proposed for use.

(B) A written description of the business enterprise to be substituted, including its business status as a sole proprietorship, partnership, corporation or other entity, and the M/W/DVBE certification status of the firm, if any.

(C) A written notice detailing a clearly defined portion of the work identified both as a task and as a percentage share/dollar amount of the overall contract that the substituted firm will perform.

(2) The request for substitution of the M/W/DVBE subcontractor/supplier must be approved in writing by the awarding department prior to commencement of any work by the subcontractor/supplier.

(3) The request for substitution of M/W/DVBE and the awarding department's approval or disapproval cannot be used as an excuse for noncompliance with any other provision of law, including, but not limited to, the Subletting and Subcontracting Fair Practices Act (Sections 4100 et seq., Public Contract Code) or any other contract requirements relating to substitution of subcontractors.

(d) Approval by Awarding Department of Contractor's Request for M/W/DVBE Substitution.

If a contractor requests substitution of its M/W/DVBE subcontractors/suppliers by providing a written request to the awarding department in accordance with Section 1896.64(c), the awarding department may consent to the substitution of another person as a subcontractor in any of the following situations:

(1) When the subcontractor listed in the bid after having had a reasonable opportunity to do so fails or refuses to execute a written contract, when that written contract based upon the general terms, conditions, plans and specifications for the project involved or the terms of that subcontractor's written bid, is presented to the subcontractor by the prime contractor.

(2) When the listed subcontractor becomes bankrupt or insolvent, or goes out of business.

(3) When the listed subcontractor fails or refuses to perform his or her subcontract.

- (4) When the listed subcontractor fails or refuses to meet the bond requirements of the prime contractor.
- (5) When the prime contractor demonstrated to the awarding department, or its duly authorized officer, that the name of the subcontractor was listed as the result of an inadvertent clerical error.
- (6) When the listed subcontractor is not licensed pursuant to any applicable licensing requirement of any regulatory agency of the State of California.
- (7) When the awarding department, or its duly authorized officer, determines that the work performed by the listed subcontractor is substantially unsatisfactory and not in substantial accordance with the plans and specifications, or that the subcontractor is substantially delaying or disrupting the process of the work.

Prior to approval of the prime contractor's request for the substitution, the awarding department, or its duly authorized officer, shall give notice in writing to the listed subcontractor of the prime contractor's request to substitute and of the reasons for the request. The notice shall be served by certified or registered mail to the last known address of the subcontractor.

The listed subcontractor who has been so notified shall have five working days within which to submit written objections to the substitution to the awarding authority. Failure to file these written objections shall constitute the listed subcontractor's consent to the substitution.

If written objections are filed, the awarding authority shall give notice in writing of at least five working days to the listed subcontractor of a hearing by the awarding department on the prime contractor's request for substitution.

Authority cited: Government Code Sections 14600 and 14615;
Public Contract Code Sections 10115.3(b) and 10295; and Military and Veterans Code Section 999.5(b).
Reference: Public Contract Code Sections 10115.1 and 10115.2; and Military and Veterans Code Sections 999(i) and 999.5(b).

§1896.65. (a) Awarding departments may accept M/WBE self-certifications and shall accept formal M/WBE certifications in a response to a solicitation where participation goals are required. If the awarding department accepts M/WBE self-certification, the solicitation shall state that fact. In any event, every awarding department shall accept formal M/WBE certifications in accordance with Section 1896.65(c).

(b) Directors of awarding departments may elect to use the process of M/WBE self-certification in solicitations. In departments that elect M/WBE self-certification, the following certifications are required:

- (1) Certification by Bidder's Authorized Representative. The bidder's authorized representative must sign a certification for a bid submitted in response to a solicitation that requires subcontracting to minority, women, and/or disabled veteran business enterprises. The certification shall include the following statement:

"I hereby certify that I have made a diligent effort to ascertain the facts with regard to the representations made herein and, to the best of my knowledge and belief, each firm set forth in this bid or proposal as a minority, women, or disabled veteran business enterprise complies with the relevant definition set forth in Section 1896.61 of Title 2, California Code of Regulations. In making this certification, I am aware of Section 12650 et seq. of the Government Code providing for the imposition of treble damages for making false claims against the State and Section 10115.10 of the Public Contract Code making it a crime to intentionally make an untrue statement in this certificate." The bidder's authorized representative shall sign the certification on behalf of the bidder.

- (2) Self-Certification by Authorized Representative of each M/WBE.

Additionally, the authorized representative of each M/WBE listed in the bid claiming "self-certification" shall sign a self-certification which states:

"I hereby certify that this firm is a M/WBE as defined in Title 2, California Code of Regulations, Section 1896.61. In making this certification, I am aware of section 12650 et seq. of the Government

Code providing for the imposition of treble damages for making false claims against the State and Section 10115.10 of the Public Contract Code making it a crime to intentionally make an untrue statement in this certificate."

(c) Awarding departments shall accept documentation of formal M/WBE certification with responses to solicitations.

(1) The authorized representative of each M/WBE listed in the bid claiming "formal certification," obtained pursuant to Sections 2052 and 2053 of the Public Contract Code shall provide a copy of a letter or document of certification or shall list the formal certification number provided by the California Department of Transportation or participating state or local agency as identified by the Department of Transportation pursuant to Section 2054 of the Public Contract Code. Such letter or documentation shall provide sufficient evidence of current M/WBE certification status.

(2) Public Contract Code Section 2051(c) provides that a person of Spanish or Portuguese culture or origin, other than Hispanic, shall constitute a minority for only those contracts fully or partially funded by the federal government.

Authority cited: Government Code Sections 14600 and 14615; and Public Contract Code Sections 10115.3(b) and 10295, Military and Veterans Code Section 999.5(b).

Reference: Public Contract Code Sections 2052, 10115.1 and 10115.10; and Military and Veterans Code Section 999(g).

§1896.68. (a) All proposed determinations of noneligibility for recognition of self-certification made by the Office of Small and Minority Business shall become final unless such determination is appealed in a timely manner. Any business concern which believes that the proposed determination will result in its being wrongly denied certification as a M/WBE by the Office of Small and Minority Business may file an appeal in writing, signed and dated, with the Director of the Department. The appeal must be filed no later than 10 calendar days after the date of notice of decertification or denial of certification. The Director may, upon written request which specifies the reasons for such request, extend the time for filing or waive the time limit in the interest of justice, specifying in writing the reasons for doing so.

(b) Following receipt of an appeal filed as prescribed by these regulations, the Department shall determine whether the appeal is to be resolved by written submission of material or by public hearing where the appeal is based upon an original self-certification or a renewal of an expired self-certification. Where the appeal is based upon the revocation of a currently valid certification the appeal shall be resolved by public hearing.

(c) In the event a public hearing is to be held, the Department shall set a date, time and place for the hearing and shall so notify all interested parties not less than 5 calendar days in advance of the hearing. The Department may in its discretion upon notice to all interested parties, change the date of, postpone or continue the hearing at the request of an interested party upon showing of good cause or upon its own motion. The location of the hearing shall be at the discretion of the hearing officer and situated for the convenience of all parties.

(d) In the event the appeal is to be determined through written submissions, notice shall be sent to all interested parties, each of whom may submit written argument in support of its position in accordance with the deadline established by the hearing officer.

(e) The determination that the appeal shall be determined through written submission shall be made upon the hearing officer's evaluation that oral or additional testimony would be unnecessary to a full understanding of the issues.

(f) Any written submission to the Department including that submitted for purposes of the hearing shall be in an original and two copies, together with proof of service of a copy to each interested party. At any time the Department of General Services finds that an appeal is clearly insufficient on its face, entirely without merit, or outside of the jurisdiction of the Department, it may make final disposition of the appeal forthwith.

(g) The powers and responsibilities of the hearing officer, the period allowed for rendering a decision and the form of notice shall be the same as those established by Title 2, Subchapter 1.5, Sections 1195.4, 1195.5 and 1195.6 respectively, of this Code.

Authority cited: Government Code Sections 14600 and 14615; and Public Contract Code Section 10115.3(b). Reference: Public Contract Code Sections 10115.1, 10115.10 and 10295.

DVBE Certification

§1896.70. In order to obtain DVBE certification under this Subchapter, a business concern must do all of the following:

(a) Meet DVBE requirements set forth in this Subchapter and Article 6 (commencing with Section 999) of Chapter 6, Division 4 of the California Military and Veterans Code; and

(b) Provide the following documentation to the Office of Small and Minority Business, no later than five o'clock p.m. (5:00 p.m.) of the bid opening day, unless the regulations (Section 1896 et seq., Title 2, California Code of Regulations) implementing the Small Business Procurement and Contract Act (SBPCA) specify a different time, in which case the submission time for application as identified in the SBPCA shall prevail:

(1) A completed Small Business and/or Disabled Veteran Business Enterprise Certification Application, STD. 812 (as required by Section 1896.95(b)) which is made a part of this regulation; and

(2) A copy of an Award of Entitlement letter from the United States Department of Veterans Affairs or United States Department of Defense which was issued within six (6) months of the date a new certification is sought and which certifies or declares the existence of a service-connected disability of at least 10 percent. In the case of renewal of a DVBE certification, the applicant(s) shall certify in writing that there has been no change in the status of applicant's service-connected disability. In the event that an applicant is seeking certification on the basis of a service-connected Statutory Disability, subsequent renewal of the certification will require that the applicant certify in writing that there has been no change in the status of the service-connected disability.

(c) In reviewing an applicant for, or the validity of a DVBE certification, the Office of Small and Minority Business may require the DVBE applicant to submit additional documents and information that support eligibility to be a certified DVBE.

Authority cited: Government Code Sections 14600 and 14615; Military and Veterans Code Section 999.5(b), and Public Contract Code Sections 10115.3(b) and 10295.

Reference: Public Contract Code Sections 10115.1 and 10115.10; and Military and Veterans Code Section 999(g).

§1896.75. When an awarding department awards a contract subject to participation goals or good faith effort in accordance with Public Contract Code Section 10115.2, it shall include a provision which in substance provides the following: Contractor or vendor agrees that the awarding department or its delegatee will have the right to review, obtain, and copy all records pertaining to performance of the contract. Contractor or vendor agrees to provide the awarding department or its delegatee with any relevant information requested and shall permit the awarding department or its delegatee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with Public Contract Code section 10115 et seq. and Title 2, California Code of Regulations, section 1896.60 et seq. Contractor or vendor further agrees to maintain such records for a period of three (3) years after final payment under the contract.

Authority cited: Government Code Sections 14600 and 14615; and
Public Contract Code Sections 10115.3(b) and 10295.
Reference: Public Contract Code Section 10115.3(a).

§1896.80. Nothing in these regulations shall be construed to impair the right of the awarding department or the Department to initiate adjudicatory or investigatory procedures available for the purpose of ensuring compliance with the requirements of Public Contract Code section 10115, et seq. and Section 999 et seq. of the Military and Veterans Code and attendant rules and regulations. Prior to reporting an alleged violation of Public Contract Code Section 10115.10 to the DGS, Office of Small and Minority Business, awarding departments shall investigate the alleged violation and shall prepare a written report of their findings. The written report shall also include a recommendation for action to be taken commensurate with the awarding department's findings and shall be submitted to the Office of Small and Minority Business within 60 working days of the notification to the awarding department of the alleged violation.

Authority cited: Government Code Sections 14600 and 14615; and Public Contract Code Sections 10115.3(b) and 10295; and Military and Veterans Code Section 999.5(b).
Reference: Public Contract Code Sections 10115.2, 10115.3(b), and 10115.10; and Military and Veterans Code Section 999.9.

§1896.85. (a) All decertifications or denials of certification for DVBE status by the Office of Small and Minority Business shall become final unless the DVBE applicant appeals the determination within 30 calendar days of the date of receipt. If the DVBE applicant believes that the determination will result in the wrongful denial of certification by the Office of Small and Minority Business, the DVBE applicant shall mail, hand-deliver, or transmit a facsimile of a signed and dated appeal in writing to the Director of the DGS. Upon receipt of a written appeal from the DVBE applicant which specifies the reasons for good cause, the Director of the DGS may extend the time for the delivery of the appeal in the interest of justice. The Director may accept an untimely appeal upon a showing of good cause.

(b) When the DGS receives a timely DVBE appeal submitted as prescribed by Section 1896.85(a) of these regulations, a hearing officer appointed by the Director shall resolve the appeal based on written materials or an administrative hearing as determined by the hearing officer. Where the appeal is based upon the decertification of a currently certified DVBE, a hearing officer shall resolve the appeal by an administrative hearing.

(c) In the event of an administrative hearing, a hearing officer for the Department shall set the date, time and location for the hearing and shall notify all interested parties as determined by the hearing officer, at least five (5) calendar days in advance of the hearing. The hearing officer may, upon reasonable notice to interested parties, change the date of, postpone or continue the hearing at the request of an interested party upon showing of good cause or upon its own motion. The location of the hearing shall be at the discretion of the hearing officer and shall be situated for the convenience of all parties.

(d) If the hearing officer is going to determine the appeal through written submissions, the hearing officer shall notify all interested parties. Each of the interested parties notified by the hearing officer may submit a written argument which supports its position. The written argument shall be submitted by the deadline established by the hearing officer.

(e) In the event the hearing officer determines that an appeal is to be determined through written submissions, the hearing officer shall base his/her decision upon the hearing officer's evaluation that oral or additional testimony would be unnecessary for a full understanding of the issues.

(f) Interested parties must submit an original and two copies of any written material to the DGS together with proof of service of a copy to each interested party.

(g) At any time the DGS finds that an appeal is clearly insufficient on its face, entirely without merit, or outside the jurisdiction of the DGS, the hearing officer may dismiss the appeal forthwith.

(h) The powers and responsibilities of the hearing officer, the period allowed for rendering a decision and the form of notice shall be the same as those established by Title 2, Subchapter 1.5, Sections 1195.4, 1195.5 and 1195.6 respectively, of the California Code of Regulations.

Authority cited: Government Code Sections 14600 and 14615; and Public Contract Code Sections 10115.3(b) and 10295; and Military and Veterans Code Section 999.5(b).
Reference: Public Contract Code Sections 10115.1, 10115.10 and 10295; and Military and Veterans Code Sections 999(f) and (g).

§1896.90. Data reported by the awarding department as required by Section 10115.5 of the Public Contract Code must be consistent with the regulations governing the awards of the contracts. Therefore, a firm certified in two or more categories must be reported in only one category per contract: MBE or WBE or DVBE. For contracts with participation goals, the awards must be reported as claimed by the contractor per Section 1896.62(f). For contracts awarded without participation goals, the awarding department may choose one category for each eligible firm represented in the contract. If no category is known, the award(s) must be reported as not qualified.

Authority cited: Government Code Sections 14600 and 14615; Public Contract Code Section 10115.3(b); and Military and Veterans Code Section 999.5(b).
Reference: Public Contract Code Section 10115.5; and Military and Veterans Code Section 999.7.

§1896.95. (a) The awarding department may use the following form for purposes of determining self-certified M/WBE: Minority/Women Business Enterprise Self-Certification STD. 842 (Rev. 10-93).

Even though use of the STD. 842 is discretionary by the awarding department, the awarding department must obtain all information requested on the STD. 842 for purposes of determining self-certified firms.

The STD. 842 (Rev. 10-93) is made a part of this regulation (Section 1896.95, Title 2, California Code of Regulations).

(b) The Office of Small and Minority Business shall use the following form for determining certifiable disabled veteran business enterprises: Small Business and/or Disabled Veteran Business Enterprise Certification Application, STD. 812(Rev. 7-94).

The portions of the STD. 812 concerning disabled veteran business enterprise pertain to the regulations contained in Sections 1896.60 to 1896.95 and are made a part of this regulation (Section 1896.95, Title 2, California Code of Regulations).

The portions of the STD. 812 that specifically relate to small business certification pertain to the Small Business Procurement and Contract Act.

Authority cited: Government Code Sections 14600 and 14615; Military and Veterans Code Section 999.5(b); and Public Contract Code Section 10115.3.
Reference: Public Contract Code Section 10115.3; and Military and Veterans Code Section 999.5(b).

**TITLE 2. ADMINISTRATION
DIVISION 2. FINANCIAL OPERATIONS**

CHAPTER 3. DEPARTMENT OF GENERAL SERVICES

SUBCHAPTER 11. EMPLOYMENT AND ECONOMIC INCENTIVE ACT* CONTRACT PREFERENCES

**("EEIA" renamed to "Enterprise Zone Act".
Government Code sections repealed and added, now reference §7070 - §7086.)*

Article 1.

§1896.100. As used in these rules and regulations:

(a) "The Act" means the Employment and Economic Incentive Act, commencing with section 7080 of the California Government Code.

(b) "Hire" means to employ on a full-time basis a person or persons for the purpose of performing a contract in accordance with the provisions of the Act.

(c) "Contract for goods" means a contract for the purchase of materials, equipment, and supplies, but excluding a contract with a governmental entity.

(d) "Contract for services" means a contract for the rendering of personal or consultant services, but excluding a contract with a governmental entity. For the purpose of this definition, personal services shall be construed liberally so as to include services requiring little or no discretion, such as but not limited to, blueprinting, photofinishing, laboratory analysis, automobile repairs, office equipment repairs, and reproduction services.

(e) "False Certification" means a certification which, either by omission or inclusion, the certifying party knows to be false or should have known to be false.

(f) "California-based company" means a corporation or business, of which the principal office is located in California, and the owners, or officers if the firm is a corporation, are domiciled in California.

(g) "50 percent of the labor required" means one-half of the total employee hours needed to perform the contract involved. In computing total employee hours with respect to a contract for goods, the employee hours required for manufacturing the goods offered shall be included regardless of whether a bidder is or is not the manufacturer of the goods.

(h) "Work force" as expressed in the Act means the total number of employees required to directly fulfill the contract requirements as they are set forth in the specifications and/or instructions at the time that bids are solicited by the State. As used herein the term "work force" shall not include labor or services which are merely incidental to the performance of the contract. This exclusion shall include labor and/or services which are considered administrative overhead/support that is not directly allocated to and budgeted for the performance of the state contract for which a hiring preference, authorized by sections(s) 7095(b) or 7095(d) of the Act, is granted.

(i) "Lowest responsible bid or proposal" means that bid or proposal which pursuant to the criteria contained in the solicitation document would be entitled to contract award without regard to any preference.

(j) "Program area," in addition to the definition contained in Government Code section 7082(i), shall also mean an enterprise zone established in accordance with the Enterprise Zone Act commencing with section 7070 of the Government Code.

Authority cited: Government Code Section 7086 .

§1896.101. Worksite Preference/Contract for Goods.

Whenever a state agency prepares an invitation for bid (IFB) for a contract for the purchase of goods, the cost of which is estimated to be in excess of \$100,000, except a contract where the worksite will be fixed by the terms of the contract, provision shall be made in the IFB for a 5-percent preference for California-based companies who certify under penalty of perjury that no less than 50 percent of the labor required to perform the contract shall be accomplished at a worksite or worksites located in a program area.

Authority cited: Government Code Section 7086 .

§1896.102. Hiring Preference/Contract for Goods.

Where a bidder complies with the provisions of rule 1896.71 the state shall award additional preferences ranging from 1-percent to 4-percent in accordance with Government Code section 7095(b) if the bidder certifies under penalty of perjury it will hire the specified percentage of persons living in a high density unemployment area or enterprise zone qualified employees during the period of contract performance.

Authority cited: Government Code Section 7086 .

§1896.103. Application of Preferences/Contract for Goods.

Preferences provided for by sections 1896.71 and 1896.72 for a contract for goods shall be granted in an amount equal to a corresponding percentage of the lowest responsible bid: provided, however, that for contract award purposes the total of any preferences for which the low responsible bidder qualifies under any provision of law shall be deducted from the total of any preferences to which a higher bidder may be entitled.

Authority cited: Government Code Section 7086 .

§1896.104. Worksite Preference/Contract for Services.

Whenever a state agency prepares an IFB or a request for proposals (RFP) for a contract for services, the cost of which is estimated to be in excess of \$100,000, except an IFB or a RFP where the worksite is fixed by the terms of the contract, provision shall be made in the IFB or the RFP for a 5-percent preference on the price submitted by California-based companies who certify under penalty of perjury that they shall perform the contract at a worksite or worksites located in a program area.

Authority cited: Government Code Section 7086 .

§1896.105. Hiring Preference/Contract for Services.

Where a bidder complies with the provisions of rule 1896.74 the state shall award additional preferences ranging from 1-percent to 4-percent in accordance with Government Code section 7095(d) if the bidder certifies under penalty of perjury it will hire the specified percentages of persons living in high density unemployment areas or enterprise zone qualified employees for contract performance.

Authority cited: Government Code Section 7086 .

§1896.106. Application of Preferences/Contract for Services.

Preferences provided for by sections 1896.74 and 1896.75 for a contract for services shall be granted in an amount equal to a corresponding percentage of the price offered by the lowest responsible bid or the lowest responsible proposal: provided, however, that for contract award purposes the total of any preferences for which the low responsible bidder qualifies under any provision of law shall be deducted from the total of any preferences to which a higher bidder may be entitled.

Authority cited: Government Code Section 7086 .

§1896.107. Low Bid or Proposal.

No preference provided for under the Act shall be granted unless the lowest responsible bid or proposal received is in excess of \$100,000: provided, further, that if a state awarding authority has reserved the right in its Invitation for Bids or Request for Proposals to award multiple contracts on the basis of individual items, no preference provided for under the Act shall be granted for the purpose of a multiple contract award unless the lowest responsible bid or proposal submitted for a particular individual item or group of items that is the basis for contract award, is in excess of \$100,000.

Authority cited: Government Code Section 7086 .

§1896.108. Assistance to Bidders/Department of General Services.

The Department of General Services with the cooperation of the Department of Commerce shall assist prospective bidders in identifying those areas of the state which qualify as program areas under the Act.

Authority cited: Government Code Section 7086 .

§1896.109. Assistance to Bidders/Department of Commerce.

The Department of Commerce shall assist prospective bidders in identifying persons living in high density unemployment areas or enterprise Zone qualified employees under the Act and provide technical information on state hiring tax credits.

Authority cited: Government Code Section 7086 .

§1896.110. Contract Provisions.

All IFB's and RFP's and contracts prepared by a state agency relative to contracts for goods or for services which will, or are estimated to exceed \$100,000 in cost, and which are subject to the provisions of the Act, will include either expressly or by reference the following:

(a) Contractor or vendor agrees to comply with the requirements of the Employment and Economic Incentive Act (Government Code section 7080, et seq.) and attendant rules and regulations. (TITLE 2, California Code of Regulations, section 1896.70, et seq.).

(b) Contractor or vendor agrees that the state contracting agency, or its delegee, will have the right to review, obtain, and copy all records pertaining to performance of the contract. Contractor or vendor agrees to provide the state contracting agency or its delegee with any relevant information requested and shall permit the state contracting agency or its delegee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that maybe relevant to a matter under investigation for the purpose of determining compliance with the Act and attendant rules and regulations. Contractor or vendor further agrees that such records shall be maintained for a period of three (3) years after final payment under the contract.

(c) Contractor or vendor agrees with respect to a certification to hire persons living in a high density unemployment area or enterprise zone qualified employees, to:

(1) Act in good faith for the purpose of maintaining such persons as employees for the duration of contract performance; and

(2) To make a reasonable effort to replace such persons, who for any reason permanently cease to be on the payroll, with other persons living in a high density unemployment area or enterprise zone qualified employees; and

(3) To promptly report to the state contracting agency and thereafter confirm in writing within seven (7) days the names of any such persons who have been terminated or absent from work for more than three (3) consecutive work days and to communicate the reasons for the termination or absence. The contractor or vendor agrees under such circumstances to consult with the state contracting agency and the Department of Commerce with respect to replacement of such persons.

Authority cited: Government Code Section 7086 .

§1896.111. Hearings.

The state contracting agency shall be responsible for conducting the hearings authorized by Government Code section 7097 relative to contract awards obtained due to the furnishing of a false certification. The state contracting agency may enter into an agreement for the purpose of having another state agency or office conduct such hearings and to furnish the state contracting agency with a report of findings and a recommendation.

Authority cited: Government Code Section 7086 .

TITLE 2. ADMINISTRATION
DIVISION 4. FAIR EMPLOYMENT AND HOUSING COMMISSION
CHAPTER 5. CONTRACTOR NONDISCRIMINATION AND COMPLIANCE
SUBCHAPTER 1. GENERAL MATTERS

§8102.5. Nondiscrimination Agreement.

The words defined in this section shall have the meanings set forth below whenever they appear in this chapter, unless:

- (1) the context in which they are used clearly requires a different meaning; or
- (2) a different definition is prescribed for a particular subchapter or provision.

The definitions set forth previously in this division in Sections 7285.2, 7286.5, 7287.2, 7290.7, 7291.2(b), 7292.1, 7293.6, and 7295.1 are also applicable to this chapter.

(a) Bid means any proposal or other request by an employer to a contract awarding agency wherein the employer seeks to be awarded a state contract.

(b) Business means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other legal entity.

(c) Construction means the process of building, altering, repairing, improving, or demolishing any public structure or building, or other public improvements of any kind to any State of California real property. It does not include the routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property.

(d) Contract or state contract means all types of agreements, regardless of what they may be called, for the purchase or disposal of supplies, services, or construction to which a contract awarding agency is a party. It includes awards and notices of award; contracts of a fixed-price, cost, cost-plus-a-fixed-fee, or incentive type; contracts providing for the issuance of job or task orders. It also includes supplemental agreements or contract modifications with respect to any of the foregoing.

(e) Contract awarding agency or awarding agency means any department, agency, board, commission, division or other unit of the State of California which is authorized to enter into state contracts.

(f) Contractor means any person having a contract with a contract awarding agency or a subcontract for the performance of a contract with such an agency.

(g) Data means recorded information, regardless of form or characteristic.

(h) (Reserved)

(i) Decertification means the decision by OCP that an employer's nondiscrimination program fails to comply with the requirements of the Fair Employment and Housing Act and/or its implementing regulations either because it is poorly designed or because it has not been properly implemented or because of the person's failure to cooperate with OCP it cannot be determined whether the nondiscrimination program meets the requirements of this chapter. Decertification of a program shall continue until OCP certifies that the contractor is in compliance with the requirements of this chapter.

(j) Decision means the decision of the hearing officer regarding the allegations of a show cause notice issued pursuant to Section 8503 of this chapter. A decision shall dismiss, modify, or sustain the allegations of the show cause notice; provide the factual basis for the decision; and include any sanctions to be recommended to the awarding agency together with a statement of the reasons in support thereof.

(k) Employee means an individual under the direction and control of a contractor under any appointment or contract of hire or apprenticeship, express or implied, oral or written.

(l) (Reserved)

(m) May denotes the permissive.

(n) Minority refers to an individual who is ethnically or racially classifiable in one of four major groups: Black, Hispanic, Asian or Pacific Islander; or American Indian or Alaskan Native.

(1) Black includes persons having their primary origins in any of the black racial groups of Africa, but not of Hispanic origin;

(2) Hispanic includes persons of primary culture or origin in Mexico, Puerto Rico, Cuba, Central or South America, or other Spanish derived culture or origin regardless of race;

(3) Asian/Pacific Islander includes persons having primary origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands. This area includes, for example, China, Japan, Korea, the Philippine Islands, and Samoa; and

(4) American Indian/Alaskan Native includes persons having primary origins in any of the original peoples of North America, and who maintain culture identification through tribal affiliation or community recognition.

(o) Nondiscrimination Clause means the clause to be included in each state contract or subcontract pursuant to these regulations.

(p) Person means any business, individual, union, committee, club, or other organization or group of individuals.

(q) Prime contractor means any individual or organization who directly contracts with the State of California.

(r) Service and supply contract includes any contract except a construction contract.

(s) Services means the furnishing of labor, time, or effort by a contractor, not involving the delivery of a specific end product other than reports which are merely incidental to the required performance. This term shall not include collective bargaining agreements or arrangements between parties which constitute that of employer and employee.

(t) Shall denotes the imperative.

(u) Subcontract means any agreement or arrangement executed by a contractor with a third party in which the latter agrees to provide all or specified part of the supplies, services or construction required in the original state contract. This does not include arrangements between parties which constitute that of employer and employee.

(v) Subcontractor means any individual or organization holding a subcontract for the performance of all or any part of a state contract.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8102.5. Nondiscrimination Agreement.

State contracts exempt from the requirements of Section 8107 shall include, as an express or implied term, the term set out in either Section 8107 Clause (a) or Clause (b). Breach of this term of contract may constitute a material breach of the contract, and may result in the imposition of sanctions by the awarding agency and may result in decertification from future opportunities to contract with the state.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8103. Requirement of Nondiscrimination Program.

All employers who are, or wish to become, contractors with the state must develop and implement a nondiscrimination program as defined in Section 8104 of this chapter unless specifically exempted pursuant to Section 8115 of this chapter.

§8104. Nondiscrimination Program.

(a) Definition and Purpose. A nondiscrimination program (hereinafter referred to as "the Program") is a set of specific and result-oriented procedures to which a contractor or subcontractor commits itself for the purpose of insuring equal employment opportunity for all employees or applicants for employment. It may include an affirmative action component which establishes goals and timetables to remedy any underutilization of minorities and/or women which is identified. The Program shall contain the following elements:

- (1) Development or reaffirmation of the contractor's equal employment opportunity policy in all personnel actions.
- (2) Formal internal and external dissemination of the contractor's policy.
- (3) Establishment of responsibilities for implementation of the contractor's program.
- (4) Annual identification of any existing practices which have resulted in disproportionately inhibiting the employment, promotion or retention of those protected by the Act.

(A) Analysis of Employment Selection Procedures. The Program shall include an identification and analysis of contractor promotional and entry-level selection procedures and shall identify any such procedures which have resulted in disproportionately inhibiting the employment, promotion or retention of minorities or women. The retention of such practices so identified can only be justified according to the principles of "business necessity" upon a demonstration that no reasonable alternatives to such practices exist. The prospective contractor shall eliminate any practices which cannot be so justified.

(B) Workforce Analysis. The Program will contain a workforce analysis which shall consist of a listing of each job title which appears in applicable collective bargaining agreements of payroll records ranked from the lowest paid to the highest paid within each department or other similar organizational unit, including departmental or unit supervisory personnel. For each job title, the total number of incumbents, and the total number of male and female incumbents, and the total number of male and female incumbents in each of the following groups must be given: Blacks, Hispanics, Asian/Pacific Islanders, and American Indian/Native Alaskans. The wage rate or salary range for each job title must be given. All job titles, including all managerial job titles, must be listed. If there are separate work units or lines of progression within a department, a separate list must be provided for each such work unit, or line, including unit supervisors. For lines of progression there must be indicated the order of jobs in the line through which an employee could move to the top of the line. Where there are no formal progression lines or usual promotional sequences, job titles should be listed by department, job families, or disciplines, in order of wage rates or salary ranges.

(C) Utilization Analysis. Employers with 250 or more employees must perform a utilization analysis which shall consist of an analysis of the major job groups at the facility in order to determine whether women and minorities are being underutilized when compared to their availability. A job group for this purpose shall consist of one or more jobs which have similar content, wage rates and opportunities. Underutilization is defined as having a statistically significant lower utilization of minorities or women in a particular job group than their availability. Availability is defined as the availability in the labor force. The labor force for this purpose may vary depending upon the type of job in question, and the contractor's past practice, and could encompass the contractor's existing employees, the area immediately surrounding the facility where the vacancy exists for low-skill jobs or it could encompass the entire nation for highly-skilled managerial positions. The employer shall conduct a separate utilization analysis for each minority group and women.

(5) Development and execution of action oriented programs designed to correct problems and attain equal employment opportunities for all applicants and employees.

(6) Design and implementation of internal audit and reporting systems to measure the effectiveness of the total program.

(b) Employers who have identified a practice or practices which have an adverse impact on one or more groups protected by the Act and which may unlawfully discriminate against members of such groups may wish to include an affirmative action component in their nondiscrimination programs to minimize liability for discrimination, and correct past injustices; such affirmative action may be required of employers who are found to have discriminated in violation of the Act. Such a voluntary affirmative action component might contain, but need not be limited to, the following:

- (1) Active support of local and national community action programs and community service programs designed to improve the employment opportunities of minorities and women;
- (2) Providing training opportunities to minorities and women within the employer's organization which will qualify them for promotion when openings become available;
- (3) Encouraging qualified women and minorities within the employer's organization to seek and accept transfers and promotions which increase their future opportunities;
- (4) Actively recruit qualified minorities and women, even those not currently seeking such employment;
- (5) Establishing and/or supporting training programs for entry level positions; and
- (6) Establishing goals and objectives by organizational units and job groups, including timetables for completion. Establishment and implementation of a nondiscrimination program which contains an effective affirmative action component will create a rebuttable presumption that a contractor is in compliance with the requirements of Government Code, Section 12990 and its implementing regulations.

(c) An employer with multiple facilities may establish a single nondiscrimination program for its organization, but must perform separate analyses pursuant to subsections (a)(4)(A), (B), and (C) above for each establishment.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8106. Prima Facie Compliance.

Compliance with a nondiscrimination or affirmative action program subject to review and approval by a federal compliance agency shall constitute prima facie evidence that a contractor has complied with the requirements of Sections 8103 and 8104, unless the federal agency has found that the program is not in compliance with federal law, in which case compliance with a current federal commitment letter or conciliation agreement shall constitute prima facie evidence that a contractor has complied with the requirements of Sections 8103 and 8104. Such prima facie evidence can be rebutted by a preponderance of the evidence to the contrary.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8107. Nondiscrimination Clause.

Each state contract shall contain a Nondiscrimination Clause unless specifically exempted pursuant to Section 8115. The governmental body awarding the contract may use either clause (a) or clause (b) below. Clause (a) will satisfy the requirements of Section 12990 of the Government Code only; clause (b) contains language which will satisfy the requirements of both the Fair Employment and Housing Act and Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (adopted pursuant to Government Code, Sections 11135-11139.5). Standardized state form OCP-1, containing clause (a), and

OCP-2, containing clause (b), will be available through the OCP. These forms may be incorporated into a contract by reference and will fulfill the requirement of this section. The contracting parties may, in lieu of incorporating form OCP-1 or OCP-2, include the required clause in the written contract directly.

Clause (a)

1. During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age (over 40) or sex. Contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination. Contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code, Section 12900 et seq.) and the applicable regulations promulgated thereunder (Cal. Admin. Code, Tit. 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Administrative Code are incorporated into this contract by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

2. This Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.

Clause (b)

1. During the performance of this contract, the recipient, contractor and its subcontractors shall not deny the contract's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age (over 40) or sex. Contractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

2. Contractor shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code, Section 12900 et seq.), the regulations promulgated thereunder (Cal. Admin. Code, Tit. 2, Sections 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code, Sections 11135-11139.5), and the regulations or standards adopted by the awarding state agency to implement such article.

3. Contractor or recipient shall permit access by representatives of the Department of Fair Employment and Housing and the awarding state agency upon reasonable notice at any time during the normal business hours, but in no case less than 24 hours notice, to such of its books, records, accounts, other sources of information and its facilities as said Department or Agency shall require to ascertain compliance with this clause.

4. Recipient, contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

5. The contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8108. Subcontracts.

The contractor shall include the nondiscrimination clause in its contract in all subcontracts to perform work under the contract, either directly or by incorporation by reference. Any such incorporation by reference shall be specific and prominent.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8109. Enforcement of Clause.

The "Nondiscrimination Clause" in state contracts and subcontracts shall be fully and effectively enforced. Any breach of its terms may constitute a material breach of the contract and may result in the imposition of sanctions against the contractor, including but not limited to cancellation, termination, or suspension of the contract in whole or in part, by the contract awarding agency or decertification from future opportunities to contract with the State of California by DFEH.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8112. Contract Awarding Agency, Unresponsive Bids.

(a) A contract awarding agency shall refuse to accept a bid or proposal on a state contract subject to this chapter when the bid is unaccompanied by a "Statement of Compliance" pursuant to Section 8113, and shall declare any such bid or proposal unresponsive.

(b) A contract awarding agency shall declare unresponsive any bid or proposal on a state contract that is submitted by a contractor on OCP's list of decertified contractors.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8113. Statement of Compliance.

(a) As a part of its bid an eligible prospective contractor which bids on a state contract must submit a statement under penalty of perjury to the awarding agency that it has complied with the requirement of Section 8103 of this chapter.

(b) No state contract, unless otherwise exempted pursuant to Section 8115, shall be awarded by any contract awarding agency unless the prospective contractor has filed with the agency as a part of its bid a statement, made under penalty of perjury, that the prospective contractor has complied with the requirements of Section 8103 of this chapter.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8114. Subcontracting Prohibited with Ineligible Entities.

(a) OCP shall establish and maintain a list of decertified contractors, which shall be updated monthly and published in the first California Notice Register published each month.

(b) No contractor with the State of California shall, during the performance of any contract with the State, enter into any subcontract with any person listed on OCP's list of decertified contractors during the month in which the bid is submitted.

(c) Subcontracting with a decertified contractor in violation of the provisions of this section may constitute a material breach of the contract and may result in the imposition of sanctions against the contractor, including but not limited to cancellation, termination, or suspension of the contract, in whole or in part by the awarding agency, or decertification by DFEH. Specific knowledge of the unlawfulness of the subcontract is not required to establish a breach, but will be considered by OCP and the contract awarding agency in their determination of the appropriate sanctions.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8115. Exemptions.

(a) Licensed rehabilitation workshops which are contractors of state contracting agencies are exempted from the requirements of this chapter.

(b) Contracts of less than \$5,000 are automatically exempt from the requirements of Section 8107; contractors holding only such contracts are automatically exempt from the requirements of Section 8103, but are subject to Section 8102.5.

(c) A contractor with fewer than fifty (50) employees in its entire workforce may receive an automatic exemption from the Program requirements of Section 8104, subdivisions (a)(4)(B)-(C) pertaining to workforce and utilization analyses by filing a current "California Employer Information Report" annually with OCP. The OCP may remove any exemption granted under this subsection, in connection with any detailed review or any investigation instituted pursuant to Section 8401 or 8402, or whenever the contractor is found to be in substantial noncompliance with the requirements of this chapter.

(d) Contracts and subcontracts which are awarded pursuant to a declaration of public emergency, a declaration or determination of emergency pursuant to Government Code, Section 14809 or Government Code, Section 14272, subdivision (a), (b), or (c), or a declared threat to the health, welfare or safety of the

public are fully exempted from the requirements of Section 8107, and contractors holding only such contracts are exempted from the requirements of Section 8103, but remain subject to Section 8102.5.

(e) A construction contractor with fewer than 50 permanent employees may obtain an exemption from the requirements of Section 8104, subdivision (a)(4)(B)-(C) pertaining to workforce and utilization analyses by filing a CEIR annually with OCP. The OCP may remove any exemption granted under this subsection, in connection with any detailed review or any investigation instituted pursuant to Section 8401 or 8402, or whenever the contractor is found to be in substantial noncompliance with the requirements of this chapter.

(f) Exemptions of subsection (a) and (d) of this section shall be granted only upon application to the state contract awarding agency prior to the date the contract is awarded. The contract awarding agency shall, prior to the grant of any exemption under this section, require proof of satisfaction of the exemption conditions of this section. The OCP may issue opinion letters and guidelines from time to time to assist contract awarding agencies in making determinations under this section.

Authority cited: Sections 12935(a) and 12990(d), Government Code.

Reference: Section 12990, Government Code.

§8116. Advertisements for New Employees.

In all written advertisements or recruitment efforts for new employees during the performance of a regulated contract, a contractor is required to prominently identify itself with the phrase "State Equal Opportunity Employer" or similar wording.

Authority cited: Sections 12935(a) and 12990(d), Government Code.

Reference: Section 12990, Government Code.

§8117. Recruitment.

In the event that any labor organization from which employees are normally recruited and/or with which the contractor has a collective bargaining agreement is unable or unwilling to refer minorities or women the contractor or subcontractor shall take the following steps and, for a period of two years, keep a record thereof:

(a) Notify the California Employment Development Department and at least two minority or female referral organizations of the personnel needs and request appropriate referrals, and

(b) Notify any minority or female persons who have personally listed themselves with the contractor or subcontractor as seeking employment of any existing vacancies for which they may qualify;

(c) Notify minority, women's and community organizations that employment opportunities are available.

(d) Immediately notify OCP of the existence of the historical and present relationship between the contractor and labor organizations and detail the efforts of the contractor to secure adequate referrals through the labor organizations.

Neither the provisions of any collective bargaining agreement, nor the failure by a union with which the contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the contractor's obligations under Government Code, Section 12990, or the regulations in this chapter.

Authority cited: Sections 12935(a) and 12990(d), Government Code.

Reference: Section 12990, Government Code.

§8117.5. Notice of Contract.

Contract awarding agencies shall give written notice to the Administrator within 10 working days of award of all contracts over \$5,000. The notice shall include name, address and telephone number of the contractor; federal employer identification number; state contract identification number; date of contract award; contract amount; project location; name of contractor's agent who signed the contract; name of contract awarding agency and contract awarding officer; and brief description of the purpose or subject of the contract.

Authority cited: Sections 12935(a) and 12990(d), Government Code.

Reference: Section 12990, Government Code.

§8118. Contract Forms.

The State Department of General Services will have printed copies of the forms referred to in this chapter and shall make them available upon request.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8119. Access to Records and Employment Site.

(a) Each contractor shall provide OCP with any relevant information requested and shall permit OCP access to its premises, upon reasonable notice, during normal business hours for the purpose of conducting on-site compliance reviews, employee interviews, and inspecting and copying such books, records, accounts and other material as may be relevant to a matter under investigation for the purpose of determining and enforcing compliance with this chapter.

(b) All information provided to DFEH in response to a request from OCP which contains or might reveal a trade secret referred to in Section 1905 of Title 18 of the United States Code, or other information that is confidential pursuant to Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code, shall be considered confidential, except that such information may be disclosed to other officers or employees of DFEH and may be introduced as evidence in any hearing conducted pursuant to Section 8503 of this Chapter or Section 12967 of the Government Code. The hearing officer or the director shall issue such orders as may be appropriate to protect the confidentiality of such information.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8120. Complaints of Discrimination or Noncompliance.

(a) Any interested person may lodge a written complaint of noncompliance with either DFEH or the contract awarding agency. The complaint shall state the name and address of the contractor, and shall set forth a description of the alleged noncompliance. Complaints lodged with the awarding agency shall be immediately referred to the Administrator of OCP. No complaint may be lodged after the expiration of one year from the date upon which the alleged noncompliance occurred.

OCP shall cause any written complaint lodged under the provisions of this section on which it intends to take action to be served, either personally or by ordinary first class mail, upon the respondent contractor and the awarding agency within 45 days. At the discretion of the Administrator, the complaint may not contain the name of the complaining party.

(b) OCP shall notify the contract awarding agency of any action pursuant to Section 8501 instituted against a contractor of the agency, and permit the agency to become a party to the action, except that the agency shall be fully responsive to any request for information made by OCP in connection with the action.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

Subchapter 2. Regulations Applicable to Construction Contracts

§8200. Scope.

This subchapter applies to all nonexempt businesses which seek or hold any state construction contract or subcontract. The regulations in this subchapter are applicable to all of a construction contractor's employees who are engaged in on-site construction including those employees who work on a construction site where no state work is being performed.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8201. Notice of Requirements.

The following notice shall be included in, and shall be a part of, all solicitations for offers and bids on all nonexempt state construction contracts and subcontracts, except that newspaper or trade publication advertisements need only state that the contract is subject to state contractor nondiscrimination and compliance requirements pursuant to Government Code, Section 12990:

**NOTICE OF REQUIREMENT FOR NONDISCRIMINATION
PROGRAM (GOV. CODE, SECTION 12990)**

Your attention is called to the "Nondiscrimination Clause" set forth or referred to herein, which is applicable to all nonexempt state construction contracts and subcontracts and to the "Standard California Nondiscrimination Construction Contract Specifications" set forth herein. The Specifications are applicable to all nonexempt state construction contracts and subcontracts of \$5,000 or more.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8202. Application to Permanent and Temporary Workforce.

A construction contractor's nondiscrimination program established pursuant to Sections 8103 and 8104 of this chapter must ensure nondiscrimination within both its permanent workforce and its temporary on-site workforce. The Section 8104 requirements of workforce and utilization analyses, however, must be prepared only for permanent employees.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8202.5. Transfers Prohibited.

It is a violation of the contract, of Government Code Section 12990 and the regulations in Chapter 5 of Division 4 of Title 2 of the California Administrative Code to transfer women and minority employees or trainees from contractor to contractor or from project to project for the sole purpose of meeting the contractor's nondiscrimination obligations.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8203. Standard California Nondiscrimination Construction Contract Specifications. (Gov. Code, Section 12990.)

In addition to the nondiscrimination clause set forth in Section 8107, all non-exempt state construction contracts and subcontracts of \$5,000 or more shall include the specifications set forth in this section.

STANDARD CALIFORNIA NONDISCRIMINATION CONSTRUCTION CONTRACT SPECIFICATIONS
(GOV. CODE, SECTION 12990)

These specifications are applicable to all state contractors and subcontractors having a construction contract or subcontract of \$5,000 or more.

1. As used in the specifications:
 - a. "Administrator" means Administrator, Office of Compliance Programs, California Department of Fair Employment and Housing, or any person to whom the Administrator delegates authority;
 - b. "Minority" includes:
 - (i) Black (all persons having primary origins in any of the black racial groups of Africa, but not of Hispanic origin);
 - (ii) Hispanic (all persons of primary culture or origin in Mexico, Puerto Rico, Cuba, Central or South America or other Spanish derived culture or origin regardless of race);
 - (iii) Asian/Pacific Islander (all persons having primary origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent or the Pacific Islands); and
 - (iv) American Indian/Alaskan Native (all persons having primary origins in any of the original peoples of North America and who maintain culture identification through tribal affiliation or community recognition).
2. Whenever the contractor or any subcontractor subcontracts a portion of the work, it shall physically include in each subcontract of \$5,000 or more the nondiscrimination clause in this contract directly or through incorporation by reference. Any subcontract for work involving a construction trade shall also include the Standard California Construction Contract Specifications, either directly or through incorporation by reference.
3. The contractor shall implement the specific nondiscrimination standards provided in paragraphs 6(a) through (e) of these specifications.
4. Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the contractor's obligations under these specifications, Government Code, Section 12990, or the regulations promulgated pursuant thereto.
5. In order for the nonworking training hours of apprentices and trainees to be counted, such apprentices and trainees must be employed by the contractor during the training period, and the contractor must have made a commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor or the California Department of Industrial Relations.
6. The contractor shall take specific actions to implement its nondiscrimination program. The evaluation of the contractor's compliance with these specifications shall be based upon its effort to achieve maximum results from its actions. The contractor must be able to demonstrate fully its efforts under Steps a. through e. below:
 - a. Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and at all facilities at which the contractor's employees are assigned to work. The contractor, where possible, will assign two or more women to each construction project. The contractor shall specifically ensure that all foremen, superintendents, and other on-site supervisory personnel are aware of and carry out the contractor's obligations to maintain such a working environment, with specific attention to minority or female individuals working at such sites or in such facilities.
 - b. Provide written notification within seven days to the director of DFEH when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.

c. Disseminate the Contractor's equal employment opportunity policy by providing notice of the policy to unions and training, recruitment and outreach programs and requesting their cooperation in assisting the Contractor to meet its obligations; and by posting the company policy on bulletin boards accessible to all employees at each location where construction work is performed.

d. Ensure all personnel making management and employment decisions regarding hiring, assignment, layoff, termination, conditions of work, training, rates of pay or other employment decisions, including all supervisory personnel, superintendents, general foremen, on-site foremen, etc., are aware of the Contractor's equal employment opportunity policy and obligations, and discharge their responsibilities accordingly.

e. Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the equal employment opportunity policy and the Contractor's obligations under these specifications are being carried out.

7. Contractors are encouraged to participate in voluntary associations which assist in fulfilling their equal employment opportunity obligations. The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under these specifications provided that the contractor actively participates in the group, makes every effort to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's.

8. The Contractor is required to provide equal employment opportunity for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation of the Fair Employment and Housing Act (Gov. Code, Section 12990 et seq.) if a particular group is employed in a substantially disparate manner.

9. Establishment and implementation of a bona fide affirmative action plan pursuant to Section 8104 (b) of this Chapter shall create a rebuttable presumption that a contractor is in compliance with the requirements of Section 12990 of the Government Code and its implementing regulations.

10. The Contractor shall not use the nondiscrimination standards to discriminate against any person because of race, color, religion, sex, national origin, ancestry, physical handicap, medical condition, marital status or age over 40.

11. The Contractor shall not enter into any subcontract with any person or firm decertified from state contracts pursuant to Government Code Section 12990.

12. The Contractor shall carry out such sanctions and penalties for violation of these specifications and the nondiscrimination clause, including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered pursuant to Government Code Section 12990 and its implementing regulations by the awarding agency. Any Contractor who fails to carry out such sanctions and penalties shall be in violation of these specifications and Government Code Section 12990.

13. The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company equal employment opportunity policy is being carried out, to submit reports relating to the provisions hereof as may be required by OCP and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status, (e.g., mechanic, apprentice trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and locations at which the work was performed. Records shall be maintained in any easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

Authority cited: Sections 12935(a) and 12990(d), Government Code.

Reference: Section 12990, Government Code.

§8204. Reporting Requirement.

Contractors holding construction contracts of \$50,000 or more must submit quarterly utilization reports to OCP on forms to be provided by OCP. In such reports the contractor must provide identifying information and report the number and percentage of journey worker, apprentice, and trainee hours worked in each job classification by sex and ethnic group, together with the total number of employees and total number of minority employees in each classification by sex. The quarterly utilization reports must cover each calendar quarter and must be received by OCP no later than the 15th day of the month following the end of the quarter (April 15, July 15, October 15, and January 15). Contractors who are required to submit utilization reports to the federal government may submit a copy of the federal report to the OCP at the same time they submit the report to the federal government in lieu of the state quarterly utilization report.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8205. Effect on Other Regulations.

The Regulations in this subchapter are in addition to the regulations contained in this division which apply to contractors and subcontractors generally. See particularly, California Administrative Code, Title 2, Division 4, Chapter 1 through 5, Sections 7285.0 through 7285.7, 7286.3 through 7296.4, 7400 through 7469.1, 8100 through 8120, and 8400 through 8407.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

**Subchapter 3. Regulations Applicable to
Service and Supply Contracts**

Article 1. Small Contracts

§8300. Scope.

This subchapter applies to all contractors which seek or hold any nonexempt state service and supply contract or subcontract.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8301. Definition of Small Contract.

All state contracts with a dollar value of twenty-five thousand dollars (\$25,000) or less are for purposes of this subchapter defined as "small" contracts.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8302. Post Award Filing.

Contractors awarded small contracts need not file any information with OCP after execution of the contract, but must provide OCP access to records required under Section 8303 upon request.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8303. Post Award Compliance.

Each contractor of a "small" contract shall compile and shall maintain for inspection for two years after award:

(1) Information regarding the contractor: Federal Employer Identification number; state contract identification number; legal name of the business organization, parent corporation or other outside ownership interest, if applicable, business telephone number, street address, city, state and zip code; mailing address, if different; total number of employees, identified by sex, race and national origin; name, business phone and mailing address of contractor's EEO/AA officer, if there is one, and name of the person responsible for the maintenance of information required pursuant to subsection (b) below.

(2) Information regarding the contract: Dollar value of contract; time for performance of the contract; date of contract award; name of contract awarding agency, and contract awarding officer; brief description of the purpose or subject of the contract.

(3) A copy, if one was required to be prepared of the prime contractor's current California Employer Identification Report (CEIR), or equivalent federal form (See Section 7287.0(a) of this division regarding the preparation of CEIR's.)

(b) Failure to comply with the requirements of this section may result in a determination that the contractor has materially breached the state contract and the decertification of the contractor from future state contracts.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8304. Verification.

A contract awarding agency shall, upon request by OCP, verify information provided to OCP by an agency contractor performing a small contract. Such requests for verification shall be limited to that information required by OCP on any standardized state forms or other form where such information is specifically required by these regulations, and such information is also contained in the awarding agency's files

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

Article 2. Regulated Contracts

§8310. Regulated Contracts, Dollar Value.

All State contracts with a dollar value of more than twenty-five thousand dollars (\$25,000) are for the purposes of this subchapter classified as "regulated" contracts.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8311. Post Award Informational Filing.

(a) The prime contractor of a "regulated" contract shall file with OCP within twenty-eight (28) days from the date of execution of a "regulated" contract or the effective date of these regulations, whichever occurs later:

(1) Information Regarding the Contractor: Federal Employer Identification Number; state contract identification number; legal name of the business organization; business telephone number, street

address, city, state and zip code; mailing address, if different; name, business phone and mailing address of contractor's EEO/AA Officer.

(2) Information Regarding the Contract: Dollar value of contract; date of contract award; name of contract awarding agency, and contract awarding officer; brief description of the purpose or subject of the contract.

(3) (Reserved)

(4) A copy of the prime contractor's current California Employer Identification Report (CEIR) or equivalent federal form (EEO-1). If the prime contractor is not otherwise required to prepare a CEIR, it must do so in order to comply with the requirements of this section. (See Section 7287.0 (a) of this division regarding the preparation of CEIR's.)

This information shall be updated annually thereafter, so long as the contractor remains subject to these regulations.

(b) Contractors awarded more than one state contract in one year may file only the information required in subdivision (a)(2) and (a)(4) above for the second and all subsequent contracts awarded during the year.

(c) The OCP and the contract awarding agency shall make forms available for providing the information required under this section.

(d) Failure to comply with the requirements of this section may result in a determination that the contractor has materially breached the state contract and the decertification of the contractor from future state contracts.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

§8312. Designating EEO/Affirmative Action Officer.

All contractors of regulated contracts shall designate an individual responsible for the implementation of the contractor's Nondiscrimination Program.

Authority cited: Sections 12935(a) and 12990(d), Government Code.
Reference: Section 12990, Government Code.

Federal Codes

Title 8 U.S.C.

Chapter 14. Restricting Welfare and Public Benefits for Aliens SubChapter II. Eligibility For State and Local Public Benefits Programs

Sec. 1621. Aliens who are not qualified aliens or nonimmigrants ineligible for State and local public benefits:

(a) In general

Notwithstanding any other provision of law and except as provided in subsections (b) and (d) of this section, an alien who is not -

- (1) a qualified alien (as defined in section 1641 of this title),
- (2) a nonimmigrant under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), or
- (3) an alien who is paroled into the United States under section 212(d)(5) of such Act (8 U.S.C. 1182(d)(5)) for less than one year, is not eligible for any State or local public benefit (as defined in subsection (c) of this section).

(b) Exceptions

Subsection (a) of this section shall not apply with respect to the following State or local public benefits:

- (1) Assistance for health care items and services that are necessary for the treatment of an emergency medical condition (as defined in section 1396b(v)(3) of title 42) of the alien involved and are not related to an organ transplant procedure.
- (2) Short-term, non-cash, in-kind emergency disaster relief.
- (3) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.
- (4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(c) "State or local public benefit" defined

(1) Except as provided in paragraphs (2) and (3), for purposes of this subchapter the term "State or local public benefit" means -

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which

payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) Such term shall not apply -

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States, or to a citizen of a freely associated state, if section 141 of the applicable compact of free association approved in Public Law 99-239 or 99-658 (or a successor provision) is in effect; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.) qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General.

(3) Such term does not include any Federal public benefit under section 1611(c) of this title.

(d) State authority to provide for eligibility of illegal aliens for State and local public benefits

A State may provide that an alien who is not lawfully present in the United States is eligible for

any State or local public benefit for which such alien would otherwise be ineligible under subsection (a) of this section only through the enactment of a State law after August 22, 1996,

which affirmatively provides for such eligibility.

Sec. 1622. State authority to limit eligibility of qualified aliens for State public benefits

(a) In general

Notwithstanding any other provision of law and except as provided in subsection (b) of this section, a State is authorized to determine the eligibility for any State public benefits of an alien who is a qualified alien (as defined in section 1641 of this title), a nonimmigrant under the

Immigration and Nationality Act (8 U.S.C. 1101 et seq.), or an alien who is paroled into the United States under section 212(d)(5) of such Act (8 U.S.C. 1182(d)(5)) for less than one year.

(b) Exceptions

Qualified aliens under this subsection shall be eligible for any State public benefits.

(1) Time-limited exception for refugees and asylees

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act (8 U.S.C. 1157) until 5 years after the date of an alien's entry into the United States.

(B) An alien who is granted asylum under section 208 of such Act (8 U.S.C. 1158) until 5 years after the date of such grant of asylum.

(C) An alien whose deportation is being withheld under section 243(h) of such Act (8 U.S.C. 1253) (as in effect immediately before the effective date of section 307 of division C of Public Law 104-208) or section 241(b)(3) of such Act (8 U.S.C. 1231(b)(3)) (as amended by section 305(a) of division C of Public Law 104-208) until 5 years after such withholding.

(D) An alien who is a Cuban and Haitian entrant as defined in

section 501(e) of the Refugee Education Assistance Act of 1980 until 5 years after the alien is granted such status.

(E) An alien admitted to the United States as an Amerasian immigrant as described in section 1612(a)(2)(A)(i)(V) of this title.

(2) Certain permanent resident aliens

An alien who -

(A) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.); and

(B)

(i) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act (42 U.S.C. 401 et seq.) or can be credited with such qualifying quarters as provided under section 1645 of this title, and (ii) in the case of any such qualifying quarter creditable for any period beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 1613 of this title) during any such period.

(3) Veteran and active duty exception

An alien who is lawfully residing in any State and is -

(A) a veteran (as defined in section 101, 1101, or 1301, or as described in section 107 of title 38) with a discharge characterized as an honorable discharge and not on account of alienage and who fulfills the minimum active-duty service requirements of section 5303A(d) of title 38,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B) or the unremarried surviving spouse of an individual described in clause (i) or

(ii) [1] who is deceased if the marriage fulfills the requirements of section 1304 of title 38.

[1] So in original. Probably should be "subparagraph (A) or (B)".

(4) Transition for those currently receiving benefits

An alien who on August 22, 1996, is lawfully residing in any State and is receiving benefits on August 22, 1996, shall continue to be eligible to receive such benefits until January 1, 1997.

Sec. 1625. Authorization for verification of eligibility for State and local public benefits

A State or political subdivision of a State is authorized to require an applicant for State and local public benefits (as defined in section 1621(c) of this title) to provide proof of eligibility.

SUBCHAPTER IV - GENERAL PROVISIONS

Sec. 1641. Definitions

(a) In general

Except as otherwise provided in this chapter, the terms used in this chapter have the same meaning given such terms in section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)).

(b) Qualified alien

For purposes of this chapter, the term "qualified alien" means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is -

- (1) an alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.),
- (2) an alien who is granted asylum under section 208 of such Act (8 U.S.C. 1158),
- (3) a refugee who is admitted to the United States under section 207 of such Act (8 U.S.C. 1157),
- (4) an alien who is paroled into the United States under section 212(d)(5) of such Act (8 U.S.C. 1182(d)(5)) for a period of at least 1 year,
- (5) an alien whose deportation is being withheld under section 243(h) of such Act (8 U.S.C. 1253) (as in effect immediately before the effective date of section 307 of division C of Public Law 104-208) or section 241(b)(3) of such Act (8 U.S.C. 1231(b)(3)) (as amended by section 305(a) of division C of Public Law 104-208),
- (6) an alien who is granted conditional entry pursuant to section 203(a)(7) of such Act (8 U.S.C. 1153(a)(7)) as in effect prior to April 1, 1980; [1] or
- (7) an alien who is a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).

(c) Treatment of certain battered aliens as qualified aliens

For purposes of this chapter, the term "qualified alien" includes -

- (1) an alien who -
 - (A) has been battered or subjected to extreme cruelty in the United States by a spouse or a parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented to, or acquiesced in, such battery or cruelty, but only if (in the opinion of the agency providing such benefits) there is a substantial connection between such battery or cruelty and the need for the benefits to be provided; and
 - (B) has been approved or has a petition pending which sets forth a prima facie case for -
 - (i) status as a spouse or a child of a United States citizen pursuant to clause (ii), (iii), or (iv) of section 204(a)(1)(A) of the Immigration and Nationality Act (8 U.S.C. 1154(a)(1)(A)(ii), (iii), (iv)),
 - (ii) classification pursuant to clause (ii) or (iii) of section 204(a)(1)(B) of the Act (8 U.S.C. 1154(a)(1)(B)(ii),
 - (i) classification pursuant to clause (ii) or (iii) of
 - (iii) cancellation of removal under section 240A of such

Act (8 U.S.C. 1229b) (as in effect prior to April 1, 1997),
(iv) status as a spouse or child of a United States citizen pursuant to clause (i) of section 204(a)(1)(A) of such Act (8 U.S.C. 1154(a)(1)(A)(i)), or classification pursuant to clause (i) of section 204(a)(1)(B) of such Act (8 U.S.C. 1154(a)(1)(B)(i)); [2]

(v) cancellation of removal pursuant to section 240A(b)(2) of such Act (8 U.S.C. 1229b(b)(2));

(2) an alien -

(A) whose child has been battered or subjected to extreme cruelty in the United States by a spouse or a parent of the alien (without the active participation of the alien in the battery or cruelty), or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, and the alien did not actively participate in such battery or cruelty, but only if (in the opinion of the agency providing such benefits) there is a substantial connection between such battery or cruelty and the need for the benefits to be provided; and

(B) who meets the requirement of subparagraph (B) of paragraph (1); or

(3) an alien child who -

(A) resides in the same household as a parent who has been battered or subjected to extreme cruelty in the United States by that parent's spouse or by a member of the spouse's family residing in the same household as the parent and the spouse consented or acquiesced to such battery or cruelty, but only if (in the opinion of the agency providing such benefits) there is a substantial connection between such battery or cruelty and the need for the benefits to be provided; and

(B) who meets the requirement of subparagraph (B) of paragraph (1). This subsection shall not apply to an alien during any period in which the individual responsible for such battery or cruelty resides in the same household or family eligibility unit as the individual subjected to such battery or cruelty.

After consultation with the Secretaries of Health and Human Services, Agriculture, and Housing and Urban Development, the Commissioner of Social Security, and with the heads of such Federal agencies administering benefits as the Attorney General considers appropriate, the Attorney General shall issue guidance (in the Attorney General's sole and unreviewable discretion) for purposes of this subsection and section 1631(f) of this title, concerning the meaning of the terms "battery" and "extreme cruelty", and the standards and methods to be used for determining whether a substantial connection exists between battery or cruelty suffered and an individual's need for benefits under a specific Federal, State, or local program.