

CALIFORNIA COASTAL COMMISSION

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W6c

May 11, 2015

To: Coastal Commission and Interested Parties

From: Charles Lester, Executive Director
Sarah Christie, Legislative Director

Subject: **Addendum to Legislative Report**

This addendum provides a Commission staff briefing on the Legislative process, and the Coastal Commission's role as a public agency in that process.

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May 13, 2015

TO: Coastal Commission and Interested Parties

FROM: Charles Lester, Executive Director
Sarah Christie, Legislative Director

SUBJECT: **Briefing on Legislative Process and Program for Commission Discussion**

SUMMARY

This briefing provides background information on the California State Legislative process, and the Coastal Commission's role as a public agency in that process.

BACKGROUND

I. How a Bill Becomes a Law

The 2-year legislative cycle consists of two separate, 1-year sessions, which run from the beginning of January through September. At the beginning of each session, each house (Senate and Assembly) adopts a Legislative Calendar for that year, which includes all of the deadlines associated with the introduction, hearing, amendment and passage of bills. Generally speaking, bills moving through the process must pass each respective step within those deadlines in order to remain active. (Attachment A). Most legislative deadlines do not apply to resolutions.

At the beginning of each session, Legislators have 6-8 weeks to introduce bills, either to amend existing statutes or create new ones. If the bill amends an existing statute, it will show the proposed new wording in *italics*, and the language proposed for elimination in ~~strike through~~. Once bill language has been reviewed by Legislative Counsel, formatted, and officially submitted, the bill is assigned a number, and the member who submits the proposal becomes the "author" of the bill. Leadership of each house determines the number of bills that members are allowed to introduce.

Bills frequently, but not always, have one or more "sponsors." Sponsors are typically trade associations, interest groups, public agencies, NGOs or the Administration. The sponsor is usually the group or individual who proposed the bill idea to the author, and who agrees to take a significant amount of responsibility to work toward its passage. This can include hiring lobbyists to actively work for the measure in Sacramento, paying for expert witnesses to attend committee hearings and/or briefings in the Capitol, producing informational material, organizing phone and letter-writing campaigns, working with the press, conducting topical research, and coordinating

support from other interested parties. Authors typically consult with sponsors before accepting any amendments to the bill, and rely on them to work closely with their staff on day-to-day strategy for moving the bill forward. Depending on the issue and the individual, some members prefer to sponsor their own bills, to maintain maximum flexibility and control over the measure.

Once a bill is introduced, it is “in print” and available for public review. At this point, individuals and organizations can register support and opposition for the measure. This is done by sending a letter to the author, and/or to the Chair of the committee in which the measure is set to be heard. Parties who support or opposed a measure may also work closely with the author’s office, and engage as part of a coalition to affect the bill’s passage. Interested members of the public may also testify at subsequent committee hearings about the bill.

After a bill is in print, the Rules Committee will assign it to the appropriate policy committee, depending on the subject matter. Bills that propose to amend the Coastal Act are referred to the Assembly Natural Resources Committee, and/or the Senate Natural Resources and Water Committee. If a bill raises cross-cutting issues, it can be “dual-referred” to two policy committees. In the past, Coastal Act bills have also been double-referred to the Judiciary Committee, Environmental Quality Committee, Environmental Safety and Toxic Materials Committee, Housing and Transportation Committee, Revenue and Tax Committee, and others.

Once a bill is in possession of the committee, the staff writes an analysis, and the Committee will discuss the bill in a public hearing. The measure must receive a majority of votes from members of the Committee in order to advance. Bills that are held in a policy committee in the first year of the session become “two-year” bills. While they can advance no further in that year, they are eligible for further action the following session.

Bills with a potential fiscal impact on the state that have been passed out of their policy committees are also heard by the Senate and/or Assembly Appropriations Committee. If a bill fails to pass in an Appropriations committee hearing, it is no longer active.

Bills that pass both the policy and fiscal committees are referred to the Floor for a full vote of the House of origin (Senate or Assembly). If a bill does not pass the House of origin in the first year, the author may request that it be put on the “inactive file” where it may be eligible for further debate and/or amendments in the next year’s session. Bills that pass out of their first house are then referred to the second house (Senate bills go to the Assembly, and vice versa) where the process of committee referral, and policy and fiscal committee hearings is repeated. Any amendments made to the bill in the second house must also be approved by the House of origin on a “concurrence” vote before going to the Governor. Bills that pass both Houses of the Legislature are sent to the Governor, who has 30 days to sign or veto the measure. Once signed, the bill is chaptered by the Secretary of State and becomes law, usually on January 1 of the following year. If the Governor takes no action, the bill is deemed approved after 30 days.

Bills can be amended at nearly every point in the process described above. It is a rare bill that makes it all the way through both houses in its original form. Authors can submit amendments at their own discretion and in response to input from constituents or interest groups, or input from agencies or the Administration. Committee staff and Legislative Counsel may make recommendations on technical fixes.

The Budget bill and associated trailer bills follow a different process and timeline, specific to the budget. (Attachment B). The Commission receives regular briefings on the content and status of the Commission's budget during the annual budget session (January-June). For the most recent briefing, see the briefing materials from [March](#), 2015

II. State Agency Role in Legislative Process

Every fall, the Administration, through its agency Secretaries, solicits bill ideas from departments, boards and commissions. The request typically outlines the general type of proposals the Administration will consider, such as proposals that increase efficiencies, create cost savings, or conform state and federal laws. Bill proposals are submitted on templates supplied by the administration, which are then reviewed and approved by the Agency, the Department of Finance (if applicable) and the Governor's office. Bill proposals are confidential until/unless approved for public release by the Governor's office. Departments, boards and commissions are not authorized to sponsor bills or take positions on legislation without prior approval from the Administration. If a proposal is approved, the Administration becomes the sponsor of the bill, notifies the department, selects an author, or gives the department a list of approved authors to approach.

III. California Coastal Commission Legislative Program

Given the Commission's balanced appointment structure, apportioned evenly across three different appointing authorities (Governor, Senate Rules, Assembly Speaker), the Coastal Commission has not historically sponsored legislation. However, the Commission does independently support and oppose coastal-related bills. This compromise maintains a respectful balance between the Administration's protocol for state agencies, the Legislature's desire for engagement, and the Commission's role as an independent Commission under the Coastal Act.

In addition to the bill analyses prepared for the Commission and the public, staff regularly prepares and submits bill analyses at the request of the Administration throughout the session. Staff also submits enrolled bill reports (EBRs) to the Governor at the end of session. Commission staff maintains communication with the legislative staff in the Resources Agency and the Governor's office staff, and discusses the policy merits and potential amendments to the Commission's priority bills.

The Commission's interests are effectively expressed in Sacramento through the process of supporting and opposing bills that affect the Coastal Act, the Coastal Program, or coastal resources. This is done by a vote of the Commission at a noticed public hearing, following a presentation and written analysis of the bill. Once the Commission has taken a position on a bill, staff represents that position in Sacramento, and reports back on the bill's progress through the monthly legislative report. Depending on the issue, the Commission's engagement can range from submitting a letter, to providing brief testimony in committees, to more active involvement, as appropriate. The Commission's early engagement in the legislative process has allowed the Commission to play a significant role in the passage of priority bills that have strengthened the program, while helping to prevent damaging proposals that would weaken the Coastal Act or diminish the Commission's authority.

THE ANNUAL BUDGET PROCESS

Attachment B

Departments review expenditure plans and annually prepare baseline budgets to maintain existing level of services; they may prepare Budget Change Proposals (BCPs) to change levels of service.

Department of Finance (Finance) analyzes the baseline budget and BCPs, focusing on the fiscal impact of the proposals and consistency with the policy priorities/direction of the Governor. Finance estimates revenues and prepares a balanced expenditure plan for the Governor's approval. The Governor's Budget is released to the Legislature by January 10th of each year.

Governor issues State of the State Address setting forth policy goals for the upcoming fiscal year. Two identical Budget Bills are submitted (one in the Assembly and one in the Senate) for independent consideration by each house.

Public input to Governor, legislative members and subcommittees.

Finance and departments testify before budget subcommittees on the proposed budget. DOF updates revenues and expenditures with Finance Letters and May Revision.

As non-partisan analysts, **the Legislative Analyst's Office (LAO)** prepares an "Analysis of the Budget Bill" and "Perspectives and Issues". Testifies before the budget subcommittees on the proposed budget.

Public input to Governor, legislative members and subcommittees.

Assembly Budget Committee - divided into several subcommittees to review (approve, revise, or disapprove) specific details of the budget. Majority vote required for passage.

Senate Budget and Fiscal Review - divided into several subcommittees to review (approve, revise, or disapprove) specific details of the budget. Majority vote required for passage.

Assembly Floor examines committee report on budget attempting to get 2/3 vote for passage. The Budget usually moves to conference committee.

Senate Floor examines committee report on budget attempting to get 2/3 vote for passage. The Budget usually moves to conference committee.

Budget Conference Committee attempts to work out differences between Assembly & Senate versions of the Budget - also amending the budget to attempt to get a 2/3 vote from each house.

Assembly Floor reviews conference report and attempts to reach 2/3 agreement. If no agreement is reached in conference or on floor, the BIG 5 gets involved.

Senate Floor reviews conference report and attempts to reach 2/3 agreement. If no agreement is reached in conference or on floor, the BIG 5 gets involved.

Sometimes, the BIG 5 (Governor, Speaker of Assembly, Speaker pro Tempore, and Minority Leaders of both houses) meet and compromise to get the 2/3 vote required in each house.

Final budget package with 2/3 vote in each House submitted to the Governor for signature. Governor may reduce or eliminate any appropriation through the line-item veto. The budget package also includes trailer bills necessary to authorize and/or implement various program or revenue changes.

Individual departments and the **Finance** administer, manage change, and exercise oversight of the Budget on an ongoing basis. **The Joint Legislative Budget Committee (JLBC)** provides some coordination between the two houses and oversees the LAO. The JLBC is involved in the ongoing administration of the Budget and reviews various requests for changes to the Budget, after enactment.

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DATE: May 13, 2015

TO: Coastal Commission and Interested Persons

FROM: Charles Lester, Executive Director
 Sarah Christie, Legislative Director

SUBJECT: LEGISLATIVE REPORT FOR MAY, 2015

CONTENTS: This report provides summaries and status of bills affecting the Coastal Commission and California's Coastal Program, and coastal-related legislation identified by staff.

Note: Information contained in this report is accurate as of May 1, 2015. Recent amendments are summarized in *italics*. An asterisk* denotes a new measure not included in the previous month's report. Changes in the status of some bills may have occurred between the date this report was prepared and the presentation date.¹ Bill text, votes, committee analyses and current status of any bill may be viewed on the California Senate Homepage at www.senate.ca.gov. This report can also be accessed through the Commission's Homepage at www.coastal.ca.gov

 2015 Legislative Calendar

Jan 5	Legislature reconvenes
Jan 10	Budget Bill must be submitted by Governor
Jan 30	Last day to send bill requests to Office of Legislative Counsel
Feb 27	Last day for bills to be introduced
Mar 26	Spring Recess begins upon adjournment
Apr 6	Legislature reconvenes from Spring Recess
May 1	Last day for policy committees to hear and report fiscal bills
May 15	Last day for policy committees to report non-fiscal bills to the Floor
May 22	Last day for policy committees to meet prior to June 8
May 29	Last day for fiscal committees to hear and report bills to the Floor
June 1-5	Floor session only
June 5	Last day to report bills out of house of origin
June 15	Budget Bill must be passed by midnight
July 17	Last day for Policy committees to report bills. Summer Recess begins upon adjournment
Aug 17	Legislature reconvenes from summer recess
Aug 28	Last day for fiscal committees to meet and report bills to the Floor
Sep 4	Last day to amend bills on the Floor
Sep 11	Last day to pass bills. Interim recess begins upon adjournment
Oct 11	Last day for Governor to sign or veto bills

¹Terms used in this report relating to bill status: 1) "Held in committee" means bill was not heard in the policy committee prior to deadline. 2. "On Suspense" means a bill has been held in Appropriations due to potential costs to the state. 3) "Failed passage" means a bill was heard by policy committee but failed to get a majority vote. 4) "Inactive file" means the bill is on the Floor, but not scheduled for a vote. 5) "Enrolled" means the Legislature has passed the bill, but the Governor has not yet acted. 6) "Chaptered" means the bill has been signed into law by the Governor, and Chaptered by the Secretary of State.

PRIORITY LEGISLATION

AB 103 (Weber) Budget Act of 2015

This bill would make appropriations for the support of state government for the 2015-16 fiscal year.

Introduced 01/09/15
Status Assembly Budget Committee

AB 192 (Allen) Specialized license plates: coastal conservancy awareness

As amended 4/20, this bill would establish a specialty license plate, depicting a surfer design, to promote Coastal Conservancy Awareness. A portion of funds derived from sales of the plate would be deposited into the Coastal Conservancy Awareness Fund, which would be created by the bill, for specified purposes.

Introduced 01/28/15
Last Amended 04/20/15
Status Assembly Appropriations Committee

AB 300 (Alejo) Safe Water and Wildlife Protection Act of 2015

This bill would enact the Safe Water and Wildlife Protection Act of 2015, requiring the State Coastal Conservancy to establish and coordinate the Algal Bloom Task Force. The task force would be made up of comprised of a representative of the State Department of Public Health, the Department of Fish and Wildlife, and the State Water Resources Control Board, and other relevant agencies. It would require the task force to review the risks and negative impacts of toxic blooms and microcystin pollution and to submit a summary of its findings and recommendations to the Resources Secretary by January 1, 2017. *Amendments of 03/05 remove the State Water Resources Control Board from the Task Force, add the State Coastal Conservancy and the Department of Food and Agriculture, and require the Task Force to consult with the EPA Secretary.*

Introduced 02/12/15
Last Amended 04/07/15
Status Assembly Appropriations Committee, Suspense File

***AB 309 (Mathis) Senior research grant**

As amended, this bill would require the Department of Water Resources to create and administer the Edmund G. "Pat" Brown. Sr. Research Grant to provide a 1-year grant of \$145,000 to a UC or CSU research project to expand California's water portfolio. The bill would make a \$145,000 appropriation from the General Fund, and requires a 2/3 vote.

Introduced 02/12/15
Last Amended 04/23/15
Status Assembly Natural Resources Committee

AB 435 (Chang) Natural Resources Agency: webcast of meetings and workshops

This bill would require all boards, departments and commissions within the Environmental Protection Agency and the Natural Resources Agency to provide live webcasts of all public meetings in a manner that enables listeners to and viewers to ask questions and provide public comment by phone or electronic communication. The bill would require all agencies to archive the webcasts for later viewing by the public. Amendments of 03/18 make technical changes.

Introduced 02/19/15
Last Amended 03/18/15
Status Assembly Appropriations Committee, Suspense File

AB 694 (Rendon) Public Resources Code: California Coastal Commission: fees: low-cost accommodations

As amended 04/08, this bill creates the Low-cost Accommodations Account within the State Coastal Conservancy Fund, and directs the Conservancy to establish a program, subject to available funding, to administer grants, low-interest loans and easements to private entities for operation and maintenance costs associated with low-cost visitor serving accommodations. The bill also directs the Conservancy to prepare a list of potential low-cost accommodation projects in the coastal zone in consultation with the Coastal Commission and State Parks. The bill directs the Commission to refer to the list when considering mitigation for development that impacts lower-cost accommodations. *Amendments of 04/23 make technical, non-substantive changes.*

Introduced 02/25/15
Last Amended 04/23/15
Status Assembly Appropriations Committee, Suspense File

AB 729 (Atkins) San Diego Unified Port District

This is a spot bill pertaining to state lands granted and conveyed in trust to the San Diego Unified Port District.

Introduced 02/25/15
Status Assembly Rules Committee

AB 888 (Bloom) Waste management: plastic microbeads

This bill would prohibit the sale of personal care products containing more than 1 part per million (ppm) by weight of plastic microbeads, as defined, in the state of California after January 1, 2020. *Amendments of 04/22 make clarifications to the definitions of “exfoliant” and “personal care product.”*

Introduced 02/25/15
Last Amended 04/22/15
Commission Position: Recommend Support, analysis attached
Status Assembly Appropriations Committee

AB 1312 (O'Donnell) Ballast water management

This bill would amend the Marine Invasive Species Act to require an owner, operator or agent of a vessel capable of carrying ballast water that has been operating outside the waters of the state, to notify the State Lands Commission (SLC) at least 24 hours prior to arrival in a California port of call. The bill would revise the deadline by which vessel operators may apply to install, and the SLC may approve, an experimental ballast water treatment systems from January 1, 2016 to January 1, 2020. The bill would make other technical changes to the Act and delete an obsolete reporting requirement. *Amendments of 04/15 make changes related to various other time frames.*

Introduced 02/27/15
Last Amended 04/15/15
Status Assembly Floor

***AB 1500 (Mainschein) California Environmental Quality Act: priority housing projects: exempt**

This bill would exempt affordable housing projects, as defined, from the requirements of CEQA.

Introduced 02/27/15
Last Amended 04/16/15
Status Assembly Natural Resources Committee

ACR 18 (Gordon) Parks Make Life Better! Month

This measure would recognize the importance of access to local parks, trails, open space, and facilities for the health and development of all Californians and would declare the month of July 2015 as "Parks Make Life Better!" Month.

Introduced 02/04/15
Status From Committee. Assembly Third Reading
Status Assembly Floor

SB 17 (Monning) Sea Otter Fund

This bill would extend the authorization of the California Sea Otter fund to remain on the state tax forms to January 1, 2021.

Introduced 12/01/14
Status In Assembly

SB 69 (Leno) Budget Act of 2015

This bill would make appropriations for the support of state government for the 2015-16 fiscal year.

Introduced 01/09/15
Status Senate Budget Committee

SB 141 (McGuire) Humboldt Bay Harbor, Recreation, and Conservation District Act: land use

This bill corrects an ambiguity in existing law (granting statutes), clarifying that the Humboldt Bay Harbor, Recreation, and Conservation District has the authority to sell or transfer non-granted lands purchased with revenues generated from its granted trust lands.

Introduced 01/26/15
Status Senate Appropriations Committee

SB 233 (Hertzberg) Marine resources and preservation

This bill would amend the California Marine Resources Legacy Act in the Fish and Game Code, related to artificial reef conversion of offshore oil and gas facilities. The bill designates the Department of Fish and Wildlife as the lead agency for environmental review under CEQA for an application to partially remove an offshore structure. The bill requires the Department to determine the cost savings of partial removal compared with full removal, as well as make the determination of whether partial removal provides a net environmental benefit. The bill includes consideration of greenhouse gas emissions as part of the analysis of net environmental benefit. The bill makes changes to the application process, and changes to the timing of the distribution of funds. *Amendments of 04/21 designate the State Lands Commission as the lead agency under CEQA, requires the applicant to provide sufficient funds for all agencies to perform the responsibilities proscribed by the bill, reinstates existing notice requirements, and gives the Ocean Protection Council the responsibility of determining the appropriate weight to be given to adverse impacts to the marine environment versus greenhouse gas emissions. The amended version leaves blank the time frames for application submittal to achieve various levels of state subsidies for partial decommissioning.*

Introduced 02/13/15
Last Amended 04/21/15
Status Senate Appropriations Committee

SB 246 (Wiekowski) Climate Action Team

This bill would codify the Climate Action Team (CAT), as originally created by Executive Order, under the direction of the Secretary for Environmental Protection and consisting of Cabinet Secretaries and representatives from specified state agencies, that would be responsible for coordinating the state's climate policy to achieve the state's climate change goals. The bill would authorize the Climate Action Team to form multiagency staff working groups to provide technical support and research. *Amendments of 04/13 require the CAT, working with the Governor's Office of Planning and Research, to update the California Adaptation Planning Guide every 5 years.*

Introduced 02/18/15
Last Amended 04/13/15
Status Environmental Quality Committee

SB 317 (De Leon) The Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act

This bill would enact the Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2016, which, if adopted by the voters at the November 8, 2016, statewide general election, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance a safe neighborhood parks, rivers, and coastal protection program. The bill would authorize a total bond issuance amount of \$2,450,000,000. Of that amount, \$350,000,000 would be specified for coast and ocean protection, and \$370,000,000 for rivers, lakes and streams. *Amendments of 04/23 add an urgency clause.*

Introduced 02/23/15
Last Amended 04/23/15
Status Senate Natural Resources Committee

SB 379 (Jackson) Land use: general plan: safety element

This bill would require cities and counties, when undertaking the next revision or mandatory update of their General Plan Housing Element on or after January 1, 2017, to also review and update the General Plan Safety Element to address climate adaptation and resiliency strategies. *Amendments of 04/07 specify that the update include goals, policies, and objectives based on a vulnerability assessment identifying the risks posed to the jurisdiction by climate change, based on specified state and federal information sources.*

Introduced 02/24/15
Last Amended 04/07/15
Status Senate Environmental Quality Committee

***SB 657 (Monning) Diablo Canyon Units 1 and 2: independent peer review panel**

As Amended 04/21, this bill would require the Public Utilities Commission to convene an independent review panel to review seismic studies and surveys of the Diablo Canyon Units 1 and 2, including the surrounding area and spent fuel storage areas. This bill has an urgency clause, and if chaptered, would take effect immediately.

Introduced 02/27/15
Last Amended 04/21/15
Commission Position Recommend Support, analysis attached
Status Senate Natural Resources and Water Committee

SB 718 (Leno) Hazardous Materials Response and Restoration Sub-account

As Amended 04/07, this bill would authorize the OSPR Administrator to loan up to \$500,000 annually from the Oil Spill Response Trust Fund to the Hazardous Materials Response and Restoration Sub-account for the purpose of reimbursing wildlife rescue and rehabilitation organizations for costs incurred from wildlife rescue activities associated with “non-oil material” spill events. *Amendments of 04/07 make technical, non-substantive changes.*

Introduced 02/27/15
Last Amended 04/07/15
Status Senate Natural Resources and Water Committee

SB 788 (McGuire) California Coastal Protection Act of 2015

This bill would repeal Section 6422 of the Coastal Sanctuary Act, which currently authorizes the State Lands Commission (SLC) to enter into a lease for the extraction of oil or gas from state-owned tide and submerged lands in a California Coastal Sanctuary if SLC determines that the oil or gas deposits are being drained by producing wells on adjacent federal lands, and the lease is in the best interest of the state. The effect of this would be to prohibit any on or offshore drilling into oil reserves known as Tranquillon Ridge offshore Santa Barbara County. This bill is a reintroduction of SB 1096 (Jackson) from the previous legislative session.

Introduced 02/27/15
Status Senate Appropriations Committee

SB 790 (Allen) State Coastal Conservancy: state policy

This is a spot bill relating to findings and declarations in the State Coastal Conservancy Act.

Introduced 02/27/15
Status Senate Rules Committee

SB 798 Committee on Natural Resources and Water

This is a Committee-sponsored code maintenance bill. In relevant part to the Commission, the bill would amend Public Resources Code Section 30315(a) relating to meeting frequency, and repeal Section 30310.5 relating to public member appointments. The practical effect of this would be that the Commission would have the flexibility to schedule 10, 11 or 12 meetings per year, and the doctrine of incompatible offices would apply to public member appointments.

Introduced 04/09/15
Status Senate Natural Resources and Water Committee

SJR 3 (McGuire) Smith River Watershed Protection Act

This measure would urge the President of the United States and Congress to permanently safeguard the North Fork of the Smith River watershed in Oregon from any mining activities that would have the potential impacts on water supplies, economies, or the environment in California's portion of the Smith River watershed in Del Norte County. Amendments of 03/17 make technical, non-substantive changes. *Amendments of 04/06 add various co-authors.*

Introduced 01/21/15
Last Amended 04/06/15
Status In Assembly



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**BILL ANALYSIS**
AB 888 (Bloom)

As Amended, April 22, 2015

SUMMARY

AB 888 would prohibit the sale of personal care products in California that contain plastic microbeads on and after January 1, 2020. This is a reintroduction of AB 1699 (Bloom) from 2014.

PURPOSE OF THE BILL

The purpose of this bill is to eliminate plastic microbeads from the aquatic and marine environment.

RECOMMENDED MOTION:

I move the Commission support Assembly Bill 888.

EXISTING LAW

The Porter Cologne Act, the State Water Resources Control Board (SWRCB) and the Regional Water Quality Control Boards (RWQCB) regulate discharges of pollutants in storm water and urban runoff, pursuant to the National Pollution Discharge Elimination System (NPDES).

The Coastal Act requires the Coastal Commission, and local governments through certified Local Coastal Programs, to protect the biological productivity of coastal waters marine waters pursuant to PRC Sections 30230, 30231 and 30232.

The SWRCB and the Coastal Commission implement California's Nonpoint Source Pollution Control Program, jointly approved by both agencies and certified by the U.S. Environmental Protection Agency and the National Oceanographic and Atmospheric Administration pursuant to the Clean Water Act and Section 6217 of the Coastal Zone Management Act. The Plan for California's Nonpoint Source Pollution Control Program (NPS Program Plan) provides a single unified, coordinated statewide approach to dealing with NPS pollution.

BACKGROUND

Coastal Act Section 30232 requires that:

Marine resources shall be maintained, enhanced, and where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes.

The Coastal Commission has sought to fulfill this directive through regulatory actions, LCP certifications, and sponsorship of large volunteer efforts to clean the California Coast and its adjoining waterways. In 2000, California was the first state in the Country to adopt a Statewide Nonpoint Source Pollution Control Program jointly approved by both the Coastal Commission and the SWRCB. The Plan for California's Nonpoint Source Pollution Control Program (NPS Program Plan) provides a single unified, coordinated statewide approach to address NPS pollution. A total of 28 state agencies are working collaboratively through the Interagency Coordinating Committee to implement the NPS Program Plan, with the goal of protecting and restoring water quality in California's waterways.

The Coastal Commission, through its Public Education Program, California Coastal Cleanup Day, and the Adopt-A-Beach Program, has been educating the public about the dangers of marine debris for three decades. Coastal Cleanup Day is now the state's largest volunteer event.

In 2007, the OPC adopted a resolution on "reducing and preventing marine debris." A year later, OPC released the Implementation Strategy through the Resolution to Reduce and Prevent Ocean Litter, which established four broad objectives to reduce marine debris: 1) Reduce single-use packaging and promote sustainable alternatives; 2) Prevent and control litter and plastic debris; 3) Clean up and remove ocean litter; and, 4) Coordinate with other jurisdictions in the Pacific region.

ANALYSIS

Of the many types of litter that end up in the ocean, plastic products have some of the most serious impacts on marine life. Because plastic is non-biodegradable and buoyant, and many of the chemicals used to create different forms of plastic are inherently toxic, it is particularly harmful to marine wildlife. Plastic breaks down into smaller plastic pieces, remains in the environment, and accumulates in and travels through waterways until finally reaching the ocean. Birds, fish, and mammals often mistake plastic for food. Plastic consumed by marine life either passes through the digestive tract intact, if it is small enough, or remains in the animal, blocking the intestinal tract, causing death. Wildlife that ingests plastic can completely fill their stomachs with non-digestible plastics and die of starvation or impaction. A 2012 study by the Convention on Biological Diversity found that 663 marine species have been impacted by marine plastic litter through entanglement and ingestion—a two-thirds increase in species from a similar study in 1998. Last month, scientists at the ARC Centre of Excellence for Coral Reef Studies at James Cook University found that corals are also ingesting small plastic particles, which remain in their small stomach cavities and impede their ability to consume and digest normal food. Plastics not only contain toxic chemical compounds that leach into the marine environment, they also adsorb other toxic chemicals, such as PCBs and PBTs, that exist in the marine environment. A 2012 study by Richard Engler (USEPA) found that, through ingestion, "plastic debris appears to act as a vector transferring PBTs from the water to the food web, increasing risk throughout the marine food web, including humans."

According to Eriksen et al. (2014), there is approximately 96,400 metric tons of floating plastic in the Northern Pacific Ocean. A study by the Algalita Marine Research Foundation found an average of more than 300,000 plastic pieces per square mile of the Gyre and that the mass of

plastic was six times greater than zooplankton floating on the water's surface. Additionally, a recent study by Jambeck et al. (2015) concluded that an average of 8.4 million metric tons of plastic enters the world's oceans each year.

Microplastic beads are extremely small, non-biodegradable plastic particles found in many consumer products such as abrasives and exfoliants (soaps, facial scrubs, etc.). Some products contain over 350,000 microbeads in a single tube. Because of their small size, they are directly washed down the drain and escape capture by water treatment facilities. Recent studies have shown microbeads to be a pervasive marine pollutant, and have been found in alarming quantities in urban rivers, the Great Lakes and the Pacific Ocean. Research has also shown that these beads absorb toxins and are being ingested by marine life. In addition to the physical impacts of plastic pollution, toxic chemicals present in the ocean from contaminated runoff, oil and chemical spills, and historic pollution can bind to plastic particles where they enter and accumulate in the food chain.

Currently there is no law prohibiting the use of microbeads in consumer products. While some larger corporations have pledged to phase microbeads out of their products and replace them with natural alternatives, the proposed phase-out dates are neither consistent nor comprehensive. AB 888 would prohibit the sale in California of personal care products that contain plastic microbeads after January 1, 2020.

Prohibiting plastic microbeads from personal care products in California would reduce the volume of this material in the marine environment. Because of the size of the California consumer market, it is likely that manufacturers would transition away from plastic microbeads across their product lines to maintain access to California consumers. Biodegradable alternatives to plastic microbeads, including ground apricot shells and cocoa beans, are already widely used by some product manufacturers. Thus, if California were to adopt this new standard for personal care products, it is possible that the practical effect would be to remove plastic microbeads from these products all together. This would have a direct benefit to the marine and aquatic environment, by avoiding the consequences of microbeads entering the food chain.

This bill would reduce or prevent the discharge of plastic pollutants into state waters. Supporting AB 888 would be consistent with the statutory mandates of the Coastal Act and the Coastal Nonpoint Pollution Control Plan, as well as the Commission's ongoing programmatic efforts to improve the biological productivity of marine waters.

SUPPORT

5 Gyres Institute, 7th Generation Advisors, Azul, Breast Cancer Fund, California Association of Sanitation Agencies (Sponsor), California Coastkeeper Alliance, California League of Conservation Voters, Californians Against Waste, Campaign for Safe Cosmetics, Center for Biological Diversity, Central Contra Costa Sanitary District, Central Marin Sanitation Agency, City of Palo Alto, City of San Francisco, Clean Water Action, Cleanups for Change, Community Environmental Council, Costa Mesa Sanitary District, Delta Diablo, East Bay Municipal Utility District, Environment California, Environmental Action Committee of West Marin, Environmental Working Group, Green Sangha, Heal the Bay, Health Care Without Harm, Hidden Resources, Las Virgenes - Triunfo Joint Powers Authority, Los Angeles Waterkeeper, Napa Recycling & Waste Services, Natural Resources Defense Council, Ocean Conservancy, Plastic Pollution Coalition, Plastic Soup Foundation, Ross Valley Sanitary District, San Francisco Public Utilities Commission, San Francisco Water Power Sewer, Save Our Shores, Sierra Club California, Surfrider Foundation, The Story of Stuff Project, Victor Valley Wastewater Reclamation Authority, Wildcoast, World Society for the Protection of Animals.

OPPOSITION

None on file

RECOMMENDED POSITION

Staff recommends the Commission **Support** AB 888.

AMENDED IN ASSEMBLY APRIL 22, 2015

AMENDED IN ASSEMBLY APRIL 6, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 888

Introduced by Assembly Member Bloom

February 26, 2015

An act to add Chapter 5.9 (commencing with Section 42360) to Part 3 of Division 30 of the Public Resources Code, relating to waste management.

LEGISLATIVE COUNSEL'S DIGEST

AB 888, as amended, Bloom. Waste management: plastic microbeads.

The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) prohibits any person, in the course of doing business, from knowingly and intentionally exposing any individual to a chemical known to the state to cause cancer or reproductive toxicity without giving a specified warning, or from discharging or releasing such a chemical into any source of drinking water, except as specified. Existing law prohibits the sale of expanded polystyrene packaging material by a wholesaler or manufacturer. Existing law prohibits a person from selling a plastic product in this state that is labeled with the term “compostable,” “home compostable,” or “marine degradable” unless, at the time of sale, the plastic product meets the applicable ASTM International standard specification.

This bill would prohibit, on and after January 1, 2020, a person, as defined, from selling or offering for promotional purposes in this state a personal care product containing ~~intentionally added~~ plastic microbeads *that are used to exfoliate or cleanse in a rinse-off product,*

as specified. The bill would exempt from those prohibitions the sale or promotional offer of a product containing less than 1 part per million (ppm) by weight of plastic microbeads, as provided.

The bill would make a violator liable for a civil penalty not to exceed \$2,500 per day for each violation. The bill would authorize the penalty to be assessed and recovered in a civil action brought in any court of competent jurisdiction by the Attorney General or local officials. The bill would require the civil penalties collected in an action brought pursuant to the act to be retained by the office that brought the action.

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

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

1 SECTION 1. Chapter 5.9 (commencing with Section 42360)
 2 is added to Part 3 of Division 30 of the Public Resources Code, to
 3 read:

4
 5 CHAPTER 5.9. PLASTIC MICROBEADS NUISANCE PREVENTION
 6 LAW
 7

8 42360. The Legislature finds and declares all of the following:

9 (a) Plastic does not biodegrade into elements or compounds
 10 commonly found in nature like other organic materials, but, instead,
 11 upon exposure to the elements photodegrades into smaller pieces
 12 of plastic causing land and water pollution that is virtually
 13 impossible to remediate.

14 (b) Plastic pollution is the dominant type of anthropogenic debris
 15 found throughout the marine environment.

16 (c) Plastic pollution is an environmental and human health
 17 hazard and a public nuisance.

18 (d) Microplastics that are five millimeters or less in diameter
 19 become bioavailable as soon as they enter the marine environment
 20 and are ingested by marine organisms.

21 (e) Microplastics are persistent organic compounds that attract
 22 other pollutants commonly present in the environment, many of
 23 which are recognized to have serious deleterious impacts on human
 24 health or the environment, including DDT, DDE, PCBs, and flame
 25 retardants.

1 (f) PAHs, PCBs, and PBDEs from plastic transfer to fish tissue
2 when ingested and bioaccumulate.

3 (g) Fish that humans consume have been found to ingest
4 microplastics, which are then ingested by the humans who consume
5 these fish.

6 (h) Consumer personal care products such as facial scrubs,
7 soaps, and toothpaste increasingly contain thousands of
8 microplastics in the form of plastic microbeads that are flushed
9 down drains or make their way into the environment by other
10 means as part of their intended use.

11 (i) Plastic microbeads in personal care products are generally
12 not recoverable through ordinary wastewater treatment and can
13 be released into the environment.

14 (j) Plastic microbeads have been found in surface waters within
15 the United States, as well as in fish, marine mammals, reptiles,
16 mussels, and worms.

17 (k) There are economically feasible alternatives to plastic
18 microbeads used in personal care products, as evidenced by the
19 current use of biodegradable, natural, abrasive materials in personal
20 care products such as beeswax, shells, nuts, seeds, and sand.

21 42361. As used in this chapter, the following terms have the
22 following meanings:

23 (a) “~~Natural-Exfoliant~~ *exfoliant*” means a substance occurring
24 in and generated by the natural environment and includes, but is
25 not limited to, the following substances: walnut shells, apricot
26 hulls, sand, clay, or beeswax.

27 (b) “Person” means an individual, business, or other entity.

28 (c) (1) “Personal care product” means an article intended to
29 be rubbed, poured, sprinkled, or sprayed on, introduced to, or
30 otherwise applied to, the human body or any part thereof for
31 cleansing, beautifying, promoting attractiveness, or altering the
32 appearance, and an article intended for use as a component of that
33 type of article.

34 (2) “*Personal care product*” does not include a prescription
35 drug, as defined in Section 110010.2 of the Health and Safety
36 Code.

37 (d) “Plastic microbead” means an intentionally added *solid*
38 plastic particle measuring five millimeters or less in every
39 dimension.

1 42362. On and after January 1, 2020, a person shall not sell or
2 offer for promotional purposes in this state any personal care
3 products containing plastic microbeads *that are used to exfoliate*
4 *or cleanse in a rinse-off product, including, but not limited to,*
5 *toothpaste.*

6 42363. Section 42362 shall not apply to either of the following:

7 (a) A person that sells or offers for promotional purposes a
8 personal care product containing plastic microbeads in less than
9 1 part per million (ppm) by weight.

10 (b) A product containing natural exfoliants that does not contain
11 plastic microbeads.

12 42364. (a) A person who violates or threatens to violate Section
13 42362 may be enjoined in any court of competent jurisdiction.

14 (b) (1) A person who has violated Section 42362 is liable for
15 a civil penalty not to exceed two thousand five hundred dollars
16 (\$2,500) per day for each violation in addition to any other penalty
17 established by law. That civil penalty may be assessed and
18 recovered in a civil action brought in any court of competent
19 jurisdiction.

20 (2) In assessing the amount of a civil penalty for a violation of
21 this chapter, the court shall consider all of the following:

22 (A) The nature and extent of the violation.

23 (B) The number of, and severity of, the violations.

24 (C) The economic effect of the penalty on the violator.

25 (D) Whether the violator took good faith measures to comply
26 with this chapter and when these measures were taken.

27 (E) The deterrent effect that the imposition of the penalty would
28 have on both the violator and the regulated community as a whole.

29 (F) Any other factor that justice may require.

30 (c) Actions pursuant to this section may be brought by the
31 Attorney General in the name of the people of the state, by a district
32 attorney, by a city attorney, or by a city prosecutor in a city or city
33 and county having a full-time city prosecutor.

34 (d) Civil penalties collected pursuant to this section shall be
35 paid to the office of the city attorney, city prosecutor, district
36 attorney, or Attorney General, whichever office brought the action.

37 42366. This chapter does not alter or diminish any legal
38 obligation otherwise required in common law or by statute or
39 regulation, and this chapter does not create or enlarge any defense
40 in any action to enforce the legal obligation. Penalties and sanctions

- 1 imposed pursuant to this chapter shall be in addition to any
- 2 penalties or sanctions otherwise prescribed by law.

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BILL ANALYSIS
SB 657 (Monning)
As Amended, April 21, 2015

SUMMARY

SB 657 would convene an Independent Peer Review Panel (IPRP) to evaluate the enhanced seismic studies and surveys of the Diablo Canyon Nuclear Power Plant, Units 1 and 2, and the surrounding area and facilities. The panel would consist of representatives of the California Geological Survey, the Seismic Safety Commission, the Energy Commission, the California Coastal Commission, the Office of Emergency Services and the County of San Luis Obispo.

PURPOSE OF THE BILL

The purpose of this bill is to codify the current IPRP and its mandate in statute, and guarantee its continued funding and operation until January 1, 2025, which coincides with the end of Diablo Canyon's current operating license from the Nuclear Regulatory Commission (NRC).

RECOMMENDED MOTION

I move the Commission support Senate Bill 657.

EXISTING LAW

Federal law requires an operator of a nuclear fission thermal power plant to obtain a license for the operation of the power plant from the U.S. Nuclear Regulatory Commission (NRC). The NRC formulates regulations for nuclear power plants in the United States. Nuclear safety and operational issues are primarily under NRC jurisdiction.

Several state agencies also have regulatory authority over nuclear power plants, including two of the agencies represented on the IPRP. For Diablo Canyon, the Coastal Commission retains original permit jurisdiction over offshore development at the facility and has permit jurisdiction on appeal from the County of San Luis Obispo over any new development as defined in the Coastal Act. The Commission also has Federal Consistency Review Authority over many federal activities or federal permits, including the relicensing of Diablo Canyon by the NRC.

The California Public Utilities Commission (CPUC) has jurisdiction over rate-setting and utility cost recovery related to existing nuclear power plants owned by the investor-owned utilities.

BACKGROUND

California currently has one operating nuclear power plant: Pacific Gas & Electric Company's (PG&E) Diablo Canyon Nuclear Power Plant (Units 1 and 2) near San Luis Obispo. Unit 1 began commercial operation in May 1985. Unit 2 began commercial operation in March 1986. Diablo Canyon's operation licenses for Units 1 and 2 (which produce a total 2,160 megawatts) expire in 2024 and 2025, respectively.

In November, 2009, PG&E filed an application with the NRC to extend operating licenses for Diablo Canyon Units 1 & 2 for a period of 20 years (to 2044 and 2045, respectively) and submitted a request to the Coastal Commission for federal consistency review. In 2010, PG&E filed an application at the PUC to request authority to recover costs (\$85 million) associated with state and federal approvals related to license renewal through rate increases. However, concerns were raised regarding seismic safety characteristics of Diablo Canyon following the 2011 nuclear emergency at the Fukushima Daiichi nuclear power plant in Japan. Subsequently, PG&E requested the NRC temporarily suspend its license renewal application to pursue enhanced seismic studies. PG&E's federal consistency request to the Coastal Commission remains incomplete pending submittal of seismic study results and other required information.

During the 2010 proceedings, the CPUC convened an independent peer review panel, funded by PG&E ratepayers, to review the seismic studies being conducted by PG&E to better characterize the seismic risks at Diablo Canyon (CPUC Decision 10-08-003). The independent peer review panel consists of representatives of the Energy Commission, the Seismic Safety Commission, the California Coastal Commission, the Office of Emergency Services, and the County of San Luis Obispo. The IPRP provides the CPUC with recommendations for studies and additional information needed to further refine its understanding of the potential seismic hazards at Diablo Canyon, as well as provides an independent review and comments on PG&E's studies, plans, and findings. In addition, the IPRP also operates to assure the public that the seismic studies are being performed in an appropriate manner.

If not extended, the authorization and funding for the IPRP will expire on November 30, 2015.

ANALYSIS

Although the Coastal Commission is pre-empted by federal law on matters of nuclear safety, the Commission retains original permit and appeal jurisdiction over new development at Diablo Canyon, as well as federal consistency review authority over the relicensing application. The Coastal Commission has been participating as a member of the IPRP since 2010. During that time, the IPRP has reviewed and commented on several seismic studies to date, and has published nine reports that evaluate separate components of the seismic hazards at and near Diablo Canyon and that provide an independent assessment of PG&E's efforts to characterize those hazards. At least two significant studies have yet to be made available to the panel.

The IPRP's contract with the CPUC is set to expire on November 30, 2015, even though PG&E has not completed several of the seismic studies needed for its proposed relicensing. In order to ensure there is no break in the review process by the IPRP, SB 657 codifies the Panel and extends its oversight and funding to coincide with Diablo Canyon's licensure by the NRC. The information that should be forthcoming from these studies will be critical for the Coastal Commission's fully informed review of any future coastal development permit that may be applied for or appealed to the Commission as part of the NRC relicensing process, as well as the federal consistency review. The information will be directly relevant to the Coastal Commission's analysis of Diablo Canyon's geologic stability and hazard avoidance, its risk of flooding, tsunami, and erosion, and other hazards. The relicensing process will require the Commission to comprehensively review the operations of the facility for consistency with the

SB 657 Analysis

Coastal Act and evaluate the impacts to coastal resources associated with extending the life of the plant for an additional 20 years.

Codifying the IPRP's authority in statute, and assuring it has the resources to fully carry out its functions is therefore critical to the Commission's future actions on this issue.

SUPPORT

Physicians for Social Responsibility-LA

OPPOSITION

None on file

RECOMMENDED POSITION

Staff recommends the Commission **Support** SB 657.

AMENDED IN SENATE APRIL 21, 2015

SENATE BILL

No. 657

Introduced by Senator Monning
(Coauthor: Senator Jackson)

February 27, 2015

An act to ~~amend Section 1374.21 of the Health and Safety Code, and to amend Section 10199.1 of the Insurance Code, relating to health care coverage.~~ *add Section 712 to the Public Utilities Code, relating to electricity, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 657, as amended, Monning. ~~Health coverage: contracts.~~ *Diablo Canyon Units 1 and 2: enhanced seismic studies and review: independent peer review panel.*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law requires the commission, for purposes of establishing rates for any electrical corporation, to disallow expenses reflecting the direct or indirect costs resulting from any unreasonable error or omission relating to the planning, construction, or operation of any portion of the corporation's plant which cost, or is estimated to have cost, more than \$50,000,000, including any expenses resulting from delays caused by any unreasonable error or omission. For these purposes, "planning" includes activities related to the initial and subsequent assessments of the need for a plant construction project and includes investigation and interpretation of environmental factors such as seismic conditions.

This bill would require the commission to convene, or continue, until January 1, 2025, an independent peer review panel to conduct an independent review of enhanced seismic studies and surveys of the Diablo Canyon Units 1 and 2 powerplant, including the surrounding areas of the facility and areas of nuclear waste storage.

This bill would declare that it is to take effect immediately as an urgency statute.

~~Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. Existing law regulates the manner in which a plan or insurer makes premium or coverage changes to a contract, including requiring prescribed notice to enrollees and insureds within a specified time period.~~

~~This bill would make technical, nonsubstantive changes to these provisions:~~

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

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

- 1 SECTION 1. Section 712 is added to the Public Utilities Code,
- 2 to read:
- 3 712. (a) *The commission shall convene, or continue, until*
- 4 *January 1, 2025, an independent peer review panel to conduct an*
- 5 *independent review of enhanced seismic studies and surveys of*
- 6 *the Diablo Canyon Units 1 and 2 powerplant, including the*
- 7 *surrounding areas of the facility and areas of nuclear waste*
- 8 *storage.*
- 9 (b) *The independent peer review panel shall contract with the*
- 10 *Energy Commission, the California Geological Survey of the*
- 11 *Department of Conservation, the California Coastal Commission,*
- 12 *the Alfred E. Alquist Seismic Safety Commission, the Office of*
- 13 *Emergency Services, and the County of San Luis Obispo to*
- 14 *participate on the panel and provide expertise.*
- 15 (c) *The independent peer review panel shall review the seismic*
- 16 *studies and hold public meetings.*

1 (d) The commission shall make reports by the independent peer
2 review panel publicly available on the Internet Web site maintained
3 by the commission.

4 SEC. 2. This act is an urgency statute necessary for the
5 immediate preservation of the public peace, health, or safety within
6 the meaning of Article IV of the Constitution and shall go into
7 immediate effect. The facts constituting the necessity are:

8 The Public Utilities Commission in Decision 10-08-003 (August
9 12, 2010) convened an independent peer review panel to review
10 the seismic studies conducted on behalf of Pacific Gas and Electric
11 Company relative to the Diablo Canyon Units 1 and 2 powerplant.
12 The independent peer review panel, in addition to providing
13 valuable expertise to the commission in evaluating the seismic
14 studies, also operates to assure the public that the seismic studies
15 are being performed in an appropriate manner. Because the
16 commission's current contracts for the independent peer review
17 panel are set to expire on November 30, 2015, the Diablo Canyon
18 Units 1 and 2 powerplant is authorized to operate until January
19 1, 2025, by the federal Nuclear Regulatory Commission, and there
20 continues to be enhanced seismic studies and surveys conducted
21 that warrant review by the independent peer review panel to ensure
22 the safety of the public, it is necessary that this act take effect
23 immediately.

24 ~~SECTION 1. Section 1374.21 of the Health and Safety Code~~
25 ~~is amended to read:~~

26 ~~1374.21. (a) A change in premium rates or changes in coverage~~
27 ~~stated in a group health care service plan contract shall not become~~
28 ~~effective unless the plan has delivered in writing a notice indicating~~
29 ~~the change or changes at least 60 days prior to the contract renewal~~
30 ~~effective date.~~

31 ~~(b) A health care service plan that declines to offer coverage to~~
32 ~~or denies enrollment for a large group applying for coverage shall,~~
33 ~~at the time of the denial of coverage, provide the applicant with~~
34 ~~the specific reason or reasons for the decision in writing, in clear,~~
35 ~~easily understandable language.~~

36 ~~SEC. 2. Section 10199.1 of the Insurance Code is amended to~~
37 ~~read:~~

38 ~~10199.1. (a) An insurer or nonprofit hospital service plan or~~
39 ~~administrator acting on its behalf shall not terminate a group master~~
40 ~~policy or contract providing hospital, medical, or surgical benefits;~~

1 increase premiums or charges therefor, reduce or eliminate benefits
2 thereunder, or restrict eligibility for coverage thereunder without
3 providing prior notice of that action. The action shall not become
4 effective unless written notice of the action was delivered by mail
5 to the last known address of the appropriate insurance producer
6 and the appropriate administrator, if any, at least 45 days prior to
7 the effective date of the action and to the last known address of
8 the group policyholder or group contractholder at least 60 days
9 prior to the effective date of the action. If nonemployee certificate
10 holders or employees of more than one employer are covered under
11 the policy or contract, written notice shall also be delivered by
12 mail to the last known address of each nonemployee certificate
13 holder or affected employer or, if the action does not affect all
14 employees and dependents of one or more employers, to the last
15 known address of each affected employee certificate holder, at
16 least 60 days prior to the effective date of the action.

17 (b) A holder of a master group policy or a master group
18 nonprofit hospital service plan contract or administrator acting on
19 its behalf shall not terminate the coverage of, increase premiums
20 or charges for, or reduce or eliminate benefits available to, or
21 restrict eligibility for coverage of a covered person, employer unit,
22 or class of certificate holders covered under the policy or contract
23 for hospital, medical, or surgical benefits without first providing
24 prior notice of the action. The action shall not become effective
25 unless written notice was delivered by mail to the last known
26 address of each affected nonemployee certificate holder or
27 employer, or if the action does not affect all employees and
28 dependents of one or more employers, to the last known address
29 of each affected employee certificate holder, at least 60 days prior
30 to the effective date of the action.

31 (c) A health insurer that declines to offer coverage to or denies
32 enrollment for a large group applying for coverage shall, at the
33 time of the denial of coverage, provide the applicant with the
34 specific reason or reasons for the decision in writing, in clear,
35 easily understandable language.

O