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The *California Regulatory Notice Register* is an official state publication of the Office of Administrative Law containing notices of proposed regulatory actions by state regulatory agencies to adopt, amend or repeal regulations contained in the California Code of Regulations. The effective period of a notice of proposed regulatory action by a state agency in the *California Regulatory Notice Register* shall not exceed one year [Government Code § 11346.4(b)]. It is suggested, therefore, that issues of the *California Regulatory Notice Register* be retained for a minimum of 18 months.

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**PROPOSED ACTION ON
REGULATIONS**

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**TITLE 2. FAIR POLITICAL
PRACTICES COMMISSION**

NOTICE IS HEREBY GIVEN that the Fair Political Practices Commission, pursuant to the authority vested in it by Sections 82011, 87303, and 87304 of the Government Code to review proposed conflict-of-interest codes, will review the proposed/amended conflict-of-interest codes of the following:

CONFLICT-OF-INTEREST CODES

AMENDMENT

MULTI-COUNTY: Western Municipal Water District

A written comment period has been established commencing on February 12, 2016, and closing on March 28, 2016. Written comments should be directed to the Fair Political Practices Commission, Attention Ivy Branaman, 428 J Street, Suite 620, Sacramento, California 95814.

At the end of the 45-day comment period, the proposed conflict-of-interest code(s) will be submitted to the Commission's Executive Director for her review, unless any interested person or his or her duly authorized representative requests, no later than 15 days prior to the close of the written comment period, a public hearing before the full Commission. If a public hearing is requested, the proposed code(s) will be submitted to the Commission for review.

The Executive Director of the Commission will review the above-referenced conflict-of-interest code(s), proposed pursuant to Government Code Section 87300, which designate, pursuant to Government Code Section 87302, employees who must disclose certain investments, interests in real property and income.

The Executive Director of the Commission, upon her or its own motion or at the request of any interested person, will approve, or revise and approve, or return the proposed code(s) to the agency for revision and re-submission within 60 days without further notice.

Any interested person may present statements, arguments or comments, in writing to the Executive Director of the Commission, relative to review of the proposed conflict-of-interest code(s). Any written comments must be received no later than March 28, 2016. If a public hearing is to be held, oral comments may be presented to the Commission at the hearing.

COST TO LOCAL AGENCIES

There shall be no reimbursement for any new or increased costs to local government which may result from compliance with these codes because these are not new programs mandated on local agencies by the codes since the requirements described herein were mandated by the Political Reform Act of 1974. Therefore, they are not "costs mandated by the state" as defined in Government Code Section 17514.

**EFFECT ON HOUSING COSTS
AND BUSINESSES**

Compliance with the codes has no potential effect on housing costs or on private persons, businesses or small businesses.

AUTHORITY

Government Code Sections 82011, 87303 and 87304 provide that the Fair Political Practices Commission as the code-reviewing body for the above conflict-of-interest codes shall approve codes as submitted, revise the proposed code and approve it as revised, or return the proposed code for revision and re-submission.

REFERENCE

Government Code Sections 87300 and 87306 provide that agencies shall adopt and promulgate conflict-of-interest codes pursuant to the Political Reform Act and amend their codes when change is necessitated by changed circumstances.

CONTACT

Any inquiries concerning the proposed conflict-of-interest code(s) should be made to Ivy Branaman, Fair Political Practices Commission, 428 J Street, Suite 620, Sacramento, California 95814, telephone (916) 322-5660.

AVAILABILITY OF PROPOSED
CONFLICT-OF-INTEREST CODES

Copies of the proposed conflict-of-interest codes may be obtained from the Commission offices or the respective agency. Requests for copies from the Commission should be made to Ivy Branaman, Fair Political Practices Commission, 428 J Street, Suite 620, Sacramento, California 95814, telephone (916) 322-5660.

**TITLE 2. FAIR POLITICAL
PRACTICES COMMISSION**

NOTICE IS HEREBY GIVEN that the Fair Political Practices Commission (the "Commission"), under the authority vested in it under the Political Reform Act (the "Act")¹ by Section 83112 of the Government Code, proposes to adopt, amend, or repeal regulations in Title 2, Division 6 of the California Code of Regulations. The Commission will consider the proposed regulation at a public hearing on or after **March 17, 2016**, at the Fair Political Practices Commission offices, 428 J Street, Suite 800, Sacramento, California, commencing at approximately **10:00 a.m.** Written comments must be received at the Commission offices no later than **5:00 p.m. on March 15, 2016.**

BACKGROUND/OVERVIEW

Regulation 18239 interprets the definition of "Lobbyist" under the Act. (See Section 82039.) Within this definition are exceptions to the definition of "direct communication" that apply to determine whether a person qualifies as a registered lobbyist. Among these is the "ride along" exception that the Commission approved after the statutory definition of Lobbyist changed in 1996 with the passage of Proposition 208. (See Regulation 18239(d)(3)(B).)

Prior to Proposition 208, rather than looking at the amount of time a person spends on or is paid for lobbying activities to determine if one meets the definition of Lobbyist, the test was how many "contacts" the person had with a qualifying official in a given period of time. If a company hired a lobbyist, for example, the company could send an employee along with the lobbyist to a meeting with a qualifying official. The lobbyist would count the meeting as a "contact" for purposes of the test,

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

but the employee would not. When Proposition 208 eliminated the contacts test, the Commission voted to nevertheless maintain the accompanying rule. The rule would apply in a similar fashion, allowing a company employee to attend the meeting along with the company's lobbyist so that he or she could provide substantive information that the lobbyist might not have. The employee does not become a lobbyist based on this activity.

REGULATORY ACTION

Amend 2 Cal. Code Regs. Section 18239:

To clarify that the accompanying rule/ride along exception is limited to employees (including members of a bona fide trade association or membership organization) of the lobbyist employer that hired the lobbyist, staff proposes amendments to Regulation 18239. The regulation also requires that the employee participates in the meeting or communication as a subject matter expert.

SCOPE

The Commission may adopt the language noticed herein, or it may choose new language to implement its decisions concerning the issues identified above or related issues.

FISCAL IMPACT STATEMENT

Fiscal Impact on Local Government. This regulation will have no fiscal impact on any local entity or program.

Fiscal Impact on State Government. This regulation will have no fiscal impact on any state entity or program.

Fiscal Impact on Federal Funding of State Programs. This regulation will have no fiscal impact on the federal funding of any state program or entity.

AUTHORITY

Government Code Section 83112 provides that the Fair Political Practices Commission may adopt, amend, and rescind rules and regulations to carry out the purposes and provisions of the Political Reform Act.

REFERENCE

The purpose of this regulation is to implement, interpret, and make specific Government Code Section 82039.

CONTACT

Please direct your inquiries to Heather M. Rowan, Fair Political Practices Commission, 428 J Street, Suite 800, Sacramento, CA 95814; telephone (916) 322-5660 or 1-866-ASK-FPPC. Access proposed regulatory language at <http://www.fppc.ca.gov/the-law/fppc-regulations/proposed-regulations-and-notices.html>.

TITLE 8. DIVISION OF WORKERS' COMPENSATION

Workers' Compensation — Workers' Compensation Information System

NOTICE IS HEREBY GIVEN that the Administrative Director of the Division of Workers' Compensation, pursuant to the authority vested in her by Labor Code sections 133, 138.6, and 138.7, proposes to modify existing regulations, by amending Article 1.1, Subchapter 1 to Chapter 4.5 of California Code of Regulations, title 8, sections 9701 and 9702, relating to the Workers' Compensation Information System.

PROPOSED REGULATORY ACTION

The Division of Workers' Compensation proposes to modify existing regulations by amending Article 1.1, Subchapter 1 to Chapter 4.5 of California Code of Regulations, title 8, sections 9701 and 9702, relating to the Workers' Compensation Information System:

- Amended section 9701 Definitions
- Amended section 9702 Electronic Data Reporting

TIME AND PLACE OF PUBLIC HEARING

A public hearing has been scheduled to permit all interested persons the opportunity to present statements or arguments, either orally or in writing, with respect to the subjects noted above. The hearing will be held at the following time and place:

- Date:** March 28, 2016
- Time:** 10:00 a.m. to 5:00 p.m., or until conclusion of business
- Place:** Elihu Harris State Office Building — Auditorium
1515 Clay Street
Oakland, California 94612

The State Office Building and its Auditorium are accessible to persons with mobility impairments. Alternate formats, assistive listening systems, sign language interpreters, or other type of reasonable accommodation to facilitate effective communication for persons with disabilities, are available upon request. Please contact the Statewide Disability Accommodation Coordinator, Kathleen Estrada, at 1-866-681-1459 (toll free), or through the California Relay Service by dialing 711 or 1-800-735-2929 (TTY/English) or 1-800-855-3000 (TTY/Spanish) as soon as possible to request assistance.

Please note that public comment will begin promptly at 10:00 a.m. and will conclude when the last speaker has finished his or her presentation or 5:00 p.m., whichever is earlier. If public comment concludes before the noon recess, no afternoon session will be held.

The Administrative Director requests, but does not require, that any persons who make oral comments at the hearing also provide a written copy of their comments. Equal weight will be accorded to oral comments and written materials.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Department of Industrial Relations, Division of Workers' Compensation. The written comment period closes at **5:00 p.m., on March 28, 2016**. The Division of Workers' Compensation will consider only comments received at the Division by that time. Equal weight will be accorded to comments presented at the hearing and to other written comments received by 5 p.m. on that date by the Division.

Submit written comments concerning the proposed regulations prior to the close of the public comment period to:

Maureen Gray
Regulations Coordinator
Division of Workers' Compensation, Legal Unit
P.O. Box 420603
San Francisco, CA 94142

Written comments may be submitted by facsimile transmission (FAX), addressed to the above-named contact person at (510) 286-0687. Written comments may also be sent electronically (via e-mail) using the following e-mail address: dwcrules@dir.ca.gov.

Unless submitted prior to or at the public hearing, Ms. Gray must receive all written comments no later than **5:00 p.m., on March 28, 2016**.

AUTHORITY AND REFERENCE

The Administrative Director is undertaking this regulatory action pursuant to the authority vested in her by Labor Code sections 133, 138.6, and 138.7.

Reference is to Labor Code sections 129, 138.4, and 138.6.

**INFORMATIVE DIGEST/POLICY STATEMENT
OVERVIEW**

Labor Code section 138.6 requires the Administrative Director of the Division of Workers' Compensation (DWC) to develop a cost-efficient Workers' Compensation Information System (WCIS) to accomplish the following purposes:

- Assist the Department of Industrial Relations to manage the workers' compensation system in an effective and efficient manner.
- Facilitate the evaluation of the effectiveness and efficiency of the benefit delivery system.
- Assist in measuring how adequately the system indemnifies injured workers and their dependents.
- Provide statistical data for research into specific aspects of the workers' compensation system.

The data collected electronically must be compatible with the International Association of Industrial Accident Boards and Commissions' Electronic Data Interchange (IAIABC EDI) system, and the data elements to be provided by claims administrators through the WCIS must be set forth in regulations.

The proposed regulations will update the California EDI Implementation Guide for First and Subsequent Reports of Injury (FROI/SROI), to Version 3.1, the California EDI Implementation Guide for Medical Bill Payment Records, Version 2.0, and refine the list of required data elements set forth in Section 9702.

The proposed regulations are as follows:

1. Section 9701

Section 9701 sets forth definitions pertaining to the Workers' Compensation Information System (WCIS). Specific amendments to subdivisions (b) and (n) are as follows:

Subdivision 9701(b)(2) is amended to provide that, for reporting on or after November 15, 2011 but before the effective date of the California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.1, reporting entities should use the California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.0, dated November 15, 2011, which is incorporated into the regulation by reference.

Subdivision 9701(b)(3) is amended to state that, for reporting on or after California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.1, reporting entities should use the California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.1, the effective date to be determined based on the date of approval of these regulations by the Office of Administrative Law (OAL), which is incorporated into the regulation by reference.

Subdivisions 9701(n) and (n)(2) are amended to refer to and incorporate by reference the IAIABC Workers' Compensation Medical Bill Reporting Implementation Guide, Release 2.0, February 1, 2015 Publication, rather than the IAIABC Workers' Compensation Medical Bill Data Reporting Implementation Guide, Release 2.0, February 1, 2014.

2. Section 9702

Section 9702 sets forth the list of data elements required to be electronically transmitted to the WCIS, the timing of the submission of these data elements, and the claims on which these data elements are to be submitted. The required data elements, compatible with the EDI standards of the IAIABC, are essentially divided into three categories: the first report of injury (subdivision (b)), subsequent reports of benefit payments (subdivision (d)), and medical bill payment data (subdivision (e)). Specific proposed amendments to subdivisions (b), (c) and (e) are as follows:

Subdivision 9702(b): Reference to footnote 4 is added to data element number (hereafter "DN") 42 (Social Security Number), the name of DN8 is changed from "Third Party Administrator FEIN" to "Claims Administrator FEIN," and the name of DN9 is changed from "Third Party Administrator Name" to "Claims Administrator Name."

Subdivision 9702(c):

- For DN5 (Agency/Jurisdiction Claim Number), reference to footnote 4 is deleted.
- For DN15 (Claims Administrator Number), reference to footnotes 2 and 3 are deleted.
- For DN31 (Date of Injury), reference to footnote 3 is deleted.
- The following data elements were added: DN52 (Employee Date of Birth), with reference to footnote 6; DN44 (Employee First Name), with reference to footnote 7; DN16 (Employer FEIN), with reference to footnote 7; and DN32 (Time of Injury), with reference to footnote 9.
- DN42 (Social Security Number) is deleted.
- The name of DN8 is changed from "Third Party Administrator FEIN" to "Claims Administrator FEIN," and reference is changed from footnote 4 to footnote 8.

- In footnote 2, the word “receipt” is changed to “acceptance,” and the remainder of the language in the footnote is deleted.
- The language in footnote 3 is deleted and replaced with the following language: “The Agency/Jurisdiction Claim Number (DN5) is required on all transmissions under subdivision (b), except for original, denied and acquired reports. The Agency/Jurisdiction Claim Number (DN5) is required on all transmissions under subdivisions (d), (e), (f) and (g).”
- The language in footnote 4 is deleted and replaced with the following language: “The Insurer FEIN (DN6) and Claim Administrator Claim Number (DN15) are required on all transmissions under subdivisions (b), (d), (e), (f) and (g).”
- A new footnote 5 is added, including the following language: “The Date of Injury (DN31) is required on all transmissions under subdivisions (b), (d) and (g), except acquired first report transmissions under subdivision (b).”
- A new footnote 6 is added, including the following language: “The Employee Date of Birth (DN52) is required on all first report transmissions under subdivision (b).”
- A new footnote 7 is added, including the following language: “The Employer FEIN (DN16) and Employee First Name (DN44) are required on all first report transmissions under subdivision (b) except for transmissions to cancel a first report.”
- A new footnote 8 is added, including the following language: “The Claims Administrator FEIN (DN8) is required on all transmissions under subdivisions (b), (d), (e), (f) and (g).”
- A new footnote 9 is added, including the following language: “The Time of Injury (DN32) is required on first report transmissions except acquired first report transmissions under subdivision (b) with a Date of Injury (DN31) on or after the implementation date of the California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.1.”

Subdivision 9702(e) DN586, Rendering Line Provider FEIN, is deleted from the table. DN48 (Employee Mailing City) and DN50 (Employee Mailing Postal Code) are added to the table.

Subdivision 9702(e)(3) is amended to refer to the IAIABC Workers’ Compensation Medical Bill Reporting Implementation Guide, Release 2.0, February 1, 2015 Publication, rather than the IAIABC Workers’ Compensation Medical Bill Data Reporting Implementation Guide, Release 2.0, February 1, 2014.

Subdivision 9702(g): Payment/Adjustment Days Paid (DN91), Payment/Adjustment Weekly Amount (DN87), and Payment/Adjustment Weeks Paid (DN90) are added to the table.

Subdivision 9702(h): added the requirement to include where no benefits are paid, and clarified the submission of Claims Status (DN73).

3. California EDI Implementation Guide for First and Subsequent Reports of Injury (FROI/SROI)

In the introduction, the date was updated and the name of the Administrative Director was changed from Carrie Nevans to Destie Overpeck.

In Section A, a line referring to section E was deleted and the definition of “Annual Summary Reports” was updated.

In Section B, the DWC’s telephone contact information was updated to a correct telephone number, and to delete a fax number. Current information for subscribing to E-news and language regarding WCIS Training Bulletins language was also added. In addition, information about the SFTP data transmission standard was added.

In Section D, reference was added to the current version of Labor Code section 138.7.

In Section E, language referencing penalties for WCIS reporting violations that will be going into effect by way of anticipated regulations was added.

In Section F, the language regarding WCIS using the Trading Partner FEIN as a substitution for the Claim Administrator FEIN has been deleted. WCIS has also deleted the substitution of the Insurer FEIN (DN6) for a missing Third Party Administrator FEIN (DN6). The link for Claim Administrator identification list was corrected. A section providing instructions for filling out a WCIS Reports Contact has been added. Reference to different trading partners transmitting data on certain days of the week was deleted. Trading partner data transmission information was updated to reflect a more secure file transfer protocol (SSH versus SSL). The fax number was deleted from Receiver Information. Finally, on the trading partner profile form, “master sender” was changed to simply “sender,” and the WCIS Reports contact information fields were added to provide up to three contacts per trading partner.

In Section G, reference to a parallel phase of EDI reporting was removed. Step one of the testing process was clarified. The link to the Trading Partner Profile was corrected. Step two of the testing process was clarified. Error Code 42 was added to the Structural Edits and Data Edits. The processing time for acknowledgments was changed from 48 hours to 3 business days. The timeframe for sending a file and inquiring about an acknowledgment was increased from 48 hours to 5 business days. Clarification of what actions to take if

trading partners receive Acknowledgment Transaction Set ID (DN110) = HD1 was added. Step three was updated to include more current reporting information regarding data completeness, accuracy and timelines to correspond to anticipated penalty regulations. Step four was clarified and updated to correspond to anticipated penalty regulations.

In Section I, the language regarding file transfer protocol was updated to reflect the move a to more secure version of file transfer protocol known as SFTP (SSH(Secure Shell) File Transfer Protocol). The file naming convention has been updated to provide better consistency amongst trading partners and the two WCIS databases.

In Section J, the language was clarified to match the language in amended WCIS regulations and anticipated penalty regulations. The language regarding when a Change (02) Report on an incomplete first report is due was changed from 60 to 30 calendar days. The language regarding when a Correction (CO) Report is due has been deleted and replaced with “Within 30 calendar days of original TE acknowledgment.” Language regarding the reporting of claims identified as having no coverage has been added. Language regarding the reporting of Final Reports (FNs) and Annual Reports (ANs) has also been clarified.

In Section K, the following changes were made:

- The requirements for Agency Claim Number (DN5), Claim Administrator FEIN (DN8), Claim Administrator Name (DN9), Claim Administrator Claim Number (DN15), Industry Code (DN25), Policy Number (DN28), Policy Effective Date (DN29), Policy Expiration Date (DN30), Date of Injury (DN31), Time of Injury (DN32), Nature of Injury Code (DN35), Part of Body Injured Code (DN36), Employee Date of Birth (DN52), Class Code (DN59), Employee Date of Death (DN57), Wage (DN62), Wage Period (DN63), Claim Status (DN73), Claim Type (DN74), Permanent Impairment Body Part Code (DN83), Payment/Adjustment Code (DN85), and Payment/Adjustment Paid to Date (DN86) were updated.
- Updated conditional rules and implementation notes for Agency Claim Number (DN5), Claim Administrator FEIN (DN8), Claim Administrator Name (DN9), Claim Administrator Claim Number (DN15), Employer FEIN (DN16), Policy Number (DN28), Policy Effective Date (DN29), Policy Expiration Date (DN30), Nature of Injury Code (DN35), Part of Body Injured Code (DN36), Employee Date of Birth (DN52), Date Disability Began (DN56), Employee Date of Death (DN57), Wage Period (DN63), Date of Maximum Medical

Improvement (DN70), Claim Status (DN73), Claim Type (DN74), Number of Permanent Impairments (DN78), Permanent Impairment Body Part Code (DN83), Payment/Adjustment Code (DN85), Payment/Adjustment Paid to Date (DN86), Payment/Adjustment Weekly Amount (DN87), Payment/Adjustment Start Date (DN88), Payment/Adjustment End Date (DN89), Payment/Adjustment Weeks Paid (DN90), Payment/Adjustment Days Paid (DN91), Paid to Date/Reduced Earnings/Recoveries Code (DN95) and Paid to Date/Reduced Earnings/Recoveries Amount (DN96) were updated.

- Data requirements, conditional rules, and implementation notes for Time of Injury (DN32) and Initial Treatment (DN39) were added, along with definitions for FROI and SROI Date Disability Began (DN56).

In Section L, the language in the first paragraph was made more concise. The name of one element was changed from “Third Party Administrator FEIN” to “Claim Administrator FEIN” and two elements were removed to be consistent with the current versions of the implementing regulations (8 C.C.R. §§ 9701–9702). In the FROI table, a requirement was added that the Industry Code must be North American Industry Classification System (NAICS) language. In addition, in the FROI table, the “na” and “unk” options for employee first and last names were removed. In the SROI table, the sequencing edits for Date of Return to Work and Maximum Medical Improvement were removed. In the California–adopted IAIABC Data Element table FROI Data Elements, Sorted by Data Element Number, the data element name “Third Party Administrator FEIN” was changed to “Claim Administrator FEIN” and the data element name “Third Party Administrator Name” was changed to “Claim Administrator Name.” In the California–adopted IAIABC Data Element table FROI Data Elements, Sorted Alphabetically, data elements “Claim Administrator FEIN” and “Claim Administrator Name” were added. Data elements “Third Party Administrator FEIN” and “Third Party Administrator Name” were deleted. In the California–adopted IAIABC Data Element table SROI Data Elements, Sorted by Data Element Number the data element name “Third Party Administrator FEIN” was changed to “Claim Administrator FEIN.” In the California–adopted IAIABC Data Element table SROI Data Elements, Sorted Alphabetically, data element “Claim Administrator FEIN” was added. Data element “Third Party Administrator FEIN” was deleted.

In Section M, processes for the submission and matching of all FROI and SROI transactions were updated as follows: The language regarding the Agency

Claim Number/Jurisdiction Claim Number (JCN) (DN5) has been clarified and made current. The language regarding Changed and Corrected Data has been changed to correspond to anticipated penalty regulations. Language regarding the sequencing of first report transactions has been added. Language regarding the reporting of open benefits was clarified. Language regarding the reporting of advances and settlements was clarified as follows: A (PY) should now be sent to report an advance or settlement that is the first indemnity payment. Previously reported SROI benefits are now required on SROI Change in Benefit (CB), SROI Partial Suspensions (Px), and Suspensions (Sx). The requirement that the SROI Change and Correction (MTC=02 and CO) transactions must have at least one previous benefit event has been removed for SROI 02 and CO transactions where the Claim Status (DN73) or Date of Representation (DN76) is present. The language for reporting stipulated settlements has been clarified. The matching rules and processes were updated to include new matching rules for processing all transmissions. These updates were made to control the assignment of the JCN and the data matching that occurs in WCIS once data is received from trading partners.

In Section N, web links were updated and Standard Industrial Classification (SIC) codes were removed as acceptable codes for the Industry Code (DN25). Tables for Nature of Injury (DN35), Part of Body (DN36 and DN83), and Cause of Injury (DN37) were removed.

In Section O, the EDI terminology table and glossary were updated to be consistent with new requirements in the IAIABC EDI Implementation Guide for Claims: First, Subsequent, Acknowledgement Detail, Header, & Trailer Records, Release 3.0.

In Appendix A, the following language was added regarding the differences between Version 3.0 and Version 3.1 of WCIS FROI/SROI:

Line Item 1. Standard Industrial Classification (SIC) codes will no longer be accepted as valid Industry Codes (DN25). Only NAICS codes will be accepted.

Line Items 2 & 3. The only transmission mode allowed will be via SFTP also known as SSH (Secure Shell) File Transfer Protocol. The suffix for the user name of the FTP account will be “@WCIS_FS”.

Line Item 4. “Third Party Administrator FEIN” (DN8) has been renamed “Claim Administrator FEIN” (DN8) and “Third Party Administrator Name” (DN9) has been renamed “Claim Administrator Name” (DN9). Claim Administrator FEIN (DN8) is now Mandatory/Fatal on all FROI transactions. Claim Administrator Name (DN9) is now Mandatory/Serious on FROI 00, AU, 04, 02, and CO. Claim Administrator Name (DN9) is now Optional on the FROI 01.

For a number of line item numbers, DWC is updating the Matching Process for accepting incoming claims as

valid and the assignment of JCNs. As such, several data requirements have been updated. Affected line item numbers are 5–12, 23, 28 & 29.

For line item 13, the Employee Date of Death (DN57) is now Conditional/Serious on the SROI IP, AP, FS, 4P, 04, CA, CB, RE, RB, PY, AN, FN and UR. A Mandatory Condition was added where If Paid to Date/Reduced Earnings/Recoveries code (DN95) equals 300. The previous guide required the date of death be reported on only partial suspension (P4) and suspensions (S4), when the employee died and the payment stopped, or an FN contained a fatal benefit code (010, or 510). This proposed change expands the requirement for reporting date of death to anytime the benefit codes (010, 510, or 300) are reported.

For line item 14, the Permanent Impairment Body Part Code (DN83) is now only required on the SROI Final (MTC=FN) and the SROI Upon Request (MTC=UR).

For line item 15, the SROI Date Disability Began (SROI DN56) is now defined by DWC as the first date of lost time for the current benefit period. The FROI Date Disability Began (FROI DN56) remains the original date of lost time.

For line item 16, the Nature of Injury (DN35), Part of Body (DN36), and Cause of Injury (DN37) code lists have been removed and links to the source material are now provided.

For line item 17, the Time of Injury (DN32) is now Mandatory/Serious on the FROI 00, AU, 04, 02 and CO. In addition, the Initial Treatment Code (DN39) is now Mandatory/Serious on the FROI 00, AU, 04, 02 and CO. DWC is proposing to increase the requirement for Initial Treatment code from Optional to Mandatory/Serious.

For line item 18, the Date of Maximum Medical Improvement (DN70) is Mandatory on the SROI FN and UR when reporting and closing permanent disability benefits (DN85=020, 021, 030, 040, or 090 and the Date of Injury (DN31) is on or after January 1, 2013. The Date of Maximum Medical Improvement (DN70) is Mandatory on the SROI FN and UR when reporting and closing permanent disability benefits (DN85–020, 021, 030, 040, or 090, the Date of Injury (DN31) is prior to January 1, 2013, and the MMI date is known.

For line item 19, the Claim Status (DN73) is now Mandatory/Fatal on the SROI FN and AN. The Claim Status (DN73) must equal C or X on the SROI FN.

For line item 20, the Claim Type (DN74) is now Mandatory/Fatal on all SROIs except the CD, 02, and CO. In the current version of the guide, Claim Type is optional for all SROI submissions.

For line item 21, the Payment/Adjustment Start Date (DN88) and the Payment/Adjustment End Date are now mandatory based on the Date of Injury (DN31) being on or after June 18, 2012.

For line item 22, the requirement for submission of the FROI and SROI Correction (MTC=CO) is now within 30 calendar days of original TE acknowledgment.

For line item 24, for indemnity claims, the SROI AN and FN must be preceded by a SROI IP, AP, CD, FS, or PY, as applicable. The IAIABC Release 1 Guide requires the Annual (AN) and Final (FN) to be preceded by an IP or FS. DWC proposes loosening the requirement to allow WCIS to also accept AN and FN transactions where the only previous SROI MTC may have been the Payment (PY), the Acquired Payment (AP), or the Compensable Death (CD). These MTC codes can also be used to initialize indemnity benefits.

For line item 25, the edit for error 035 (must be on or after the Date Disability Began) has been removed for DN88 and DN89 (Payment/Adjustment Start and End Date). Claims Administrators can make payments before the date of disability has been determined. Therefore, DWC proposes relaxing the data requirements for the Payment/Adjustment Start and End Dates to accommodate this scenario.

For line item 26, for SROI Date Disability Began (DN56), if Nature of Injury Code (DN35) is not between 60 and 80, then DOI (DN31) prior to DDB (DN56) is Mandatory. This edit on the SROI Date Disability Began is proposed to accommodate the reporting of cumulative trauma claims, which may have dates of disability that begin before the reported date of injury.

For line item 27, Payment/Adjustment Code (DN85) and Payment/Adjustment Paid to Date (DN86) are now Mandatory/Fatal on SROI Payment (MTC=PY). Payment/Adjustment Code (DN85) is now Conditional/Fatal on SROI Final (MTC=FN) and Annual (MTC=AN). Payment/Adjustment Code (DN85) and Payment/Adjustment Paid to Date (DN86) are now Mandatory/Fatal on SROI Payment (MTC=PY). Payment/Adjustment Code (DN85) is now Conditional/Fatal on SROI Final (MTC=FN) and Annual (MTC=AN).

For line item 30, Wage (DN62) and Wage Period (DN63) are now Mandatory/Serious on FROI Original (MTC=00), Acquired/Unallocated (MTC=AU), Denial (MTC=04), Change (MTC=02), and Correction (MTC=00). Wage Period (DN63) is now Mandatory/Serious on SROI Initial Payment (MTC=IP), Acquired Payment (MTC=AP), Change in Amount (MTC=CA), Change in Benefit (MTC=CB), Change (MTC=02), Correction (MTC=00), and Upon Request (UR). Under the current version of the guide, for the Wage and Wage Period Codes, there are minor errors that are not re-

ported back to Claims Administrators. Because wages are used by DIR to determine the adequacy of benefits paid, DWC proposes sending an acknowledgement to the claim administrators with a transaction accepted with error (TE) when the wage data elements are reported incorrectly.

For line item 31, the parallel EDI process has been removed. The parallel process requires WCIS staff to collect paper and electronic submissions before promoting a new trading partner to production status. WCIS has developed other reporting tools that take the place of this costly and time consuming process.

For line item 32, the requirement that the SROI Change and Correction (MTC=02 and CO) transactions must have at least one previous benefit event has been removed for SROI 02 and CO transactions where the Claim Status (DN73) or Date of Representation (DN76) is present.

For line item 33, SROI (MTCs=CA, Px and Sx) must be preceded by a least one previous benefit event of any Payment/Adjustment Code (DN85). DWC proposes extending the logic that states that one previous benefit event code must be reported before it will accept a change in amount, a partial, or suspended benefit maintenance type code. Currently, the sequencing requirement is only for the reinstatement or change of a benefit.

For line item 34, the requirement that Date of Return/Release to Work (DN72) be greater than or equal to Date of Return to Work (DN68) has been removed.

For line item 35, the fax number in WCIS EDI contacts and the Trading Partner Profile Part D, Receiver Information, has been removed.

For line item 36, the change in the file naming convention for files submitted to the SFTP server has been changed. DWC is proposing the change for consistency between what is sent by trading partners and the files sent to both the FROI/SROI database and the Medical Bill Payment database.

For line item 37, the Policy Number (DN28), Policy Effective Date (DN29) and Policy Expiration Date (DN30) have been made Optional on the FROI Acquired (MTC=AU) and FROI Denial (MTC=04) reports.

For line item 38, the requirement that the Date of Return to Work (DN68) must be greater than the Date Disability Began (DN56) has been deleted.

For line item 39, the requirement that the Date of Maximum Medical Improvement (DN70) must be greater than the Date Disability Began (DN56) has been deleted.

Appendix B summarizes the changes between versions 3.0 and 3.1 by section, as set forth in more detail above.

4. California Electronic Data Interchange (EDI) Implementation Guide for Medical Bill Payment Records, Version 2.0

Throughout the Guide, all references to “IAIABC EDI Implementation Guide for Medical Bill Payment Records, Release 2.0, dated February 1, 2014,” have been replaced with references to “IAIABC Workers’ Compensation Medical Bill Reporting Implementation Guide, Release 2.0, February 1, 2015 Publication.” In addition, references to “Acting Administrative Director Destie Overpeck” are changed to “Administrative Director Destie Overpeck.”

In Section 2, page 4, in the first paragraph of the Trading Partner Profile, the hyphen is replaced by an underscore.

In Section 2, page 11, in the third row, second column, the language “be identical” is replaced with “have the same value.”

In Section 3, page 13, the following language was added to the sentence beginning with “The 41st character is . . .”: “File Extension must be .txt.” The “.txt” file extension has also been added to the three file examples immediately below this new language.

In Section 4, EDI medical testing, on page 16, in the first full paragraph, the “IK501 segment” is renamed the “IK05 segment.”

In Section 4, EDI medical testing, on page 17, in the “IK4 Error Codes for 999 Acknowledgments” table, DN0049 (Employee Mailing City) and DN0050 (Employee Mailing Postal Code) are added to the table.

In Section 4, EDI medical testing, on page 18, in the “IK4 Error Codes for 999 Acknowledgments” table, the description for DN0527 has been changed from “Prescription bill date” to “Prescription Date(s) Range.”

In Section 4, EDI medical testing, on page 21, the table “WCIS adopted Functional Group Acknowledgment code transmitted in IK501” is retitled, “WCIS adopted Transaction Set Acknowledgment code transmitted in IK501.”

In Section 4, EDI medical testing, on page 22, the table “WCIS adopted Transaction Set Acknowledgment code transmitted in AK901” is retitled, “WCIS adopted Functional Group Acknowledgment code transmitted in AK901.”

In Section 5, Supported Transactions and ANSI file structure, on page 26, the publication date “February 1, 2015 Publication” was added to the second paragraph.

In Section 5, Supported Transactions and ANSI file structure, in the California–adopted ANSI 837 loops, segments, and data elements summary, on page 29, the following items were added: Segment N4 (Geographic Location), DN0048 (Employee Mailing City) and DN0050 (Employee Mailing Postal Code).

In Section 5, Supported Transactions and ANSI file structure, in the California–adopted ANSI 837 loops, segments, and data elements summary, on page 31, the following item was removed DN0521 (Principal Diagnosis Code).

In Section 5, Supported Transactions and ANSI file structure, in the California–adopted ANSI 837 loops, segments, and data elements summary, on page 34, the following items were added: LOOP ID 2410 (DRUG IDENTIFICATION), DN0721 (NDC Billed Code), and Segment K3 (File information).

In Section 5, Supported Transactions and ANSI file structure, in the California–adopted ANSI 837 loops, segments, and data elements summary, on page 34, the description for item DN0553 (Day(s)/Unit(s) Code) was added.

In Section 6, Required medical data elements, in the “California Medical Data Elements by Source” table, on page 37, DN0048 (Employee Mailing City) and DN0050 (Employee Mailing Postal Code) and related billing information were added.

In Section 6, Required medical data elements, in the “California Medical Data Elements by Source” table, on page 38, for item DN0521, the language “21a” was removed, and for item DN0522, the language “21b1” was replaced with “21a1.”

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 45, items DN0048 (Employee Mailing City) and DN0050 (Employee Mailing Postal Code) and related billing information were added.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 47, for item DN0521, the second two entries in the “Business Condition/Mandatory Trigger” column and “P” and “D” were deleted from the “Bill Type(s)” column.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 47, under DN0528 (Billing Provider Last/Group Name), in the cancellation column, “M” was changed to “NA.”

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 47, under DN0557, bill type “D” was added.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 50, the data element number in the trigger box for DN0638 was changed from DN0595 to DN0589. For DN0599, the following language was added: “If provider is not eligible for state licensing enter 999999999.”

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 51, the word “invalid” was deleted from the trigger box for DN0659.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 52, the trigger language for DN0687 and DN0688 was amended to read that the information is only required to be reported if the provider is located in the United States. For DN0714 and DN0715, the word “outpatient” was added to the trigger language after the word “institutional.”

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 53, the trigger language for DN0726 was amended to say it is required for professional bills when DN0729 or DN0728 are not present. For dental bills, the trigger language is required when DN0722 is not present, and for institutional outpatient bills, the trigger language is required when DN0729 is not present.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 53, the trigger language for DN0729 was amended to add outpatient to the requirement for institutional bills and DN0625 was removed from the requirement.

In Section 7, Medical data element requirements, in the Medical Data Elements Requirement Table, on page 53, the following language was added to the trigger column for DN0722 (ADA Procedure Paid Code): “if DN0726 HCPCS Line Procedure Paid Code is not present.” For DN0726 (HCPCS Line Procedure Paid Code), the following language was added to the trigger column: “and dental.” In addition, for DN0726 (HCPCS Line Procedure Paid Code) and DN0727 (HCPCS Modifier Paid Code), “D” was added to the Bill Type column. Finally, for DN0729 (Jurisdiction Procedure Paid Code) the trigger language “Required for professional bills when DN0726 HCPCS Line Procedure Paid Code is not present” is change to read, “Required for professional bills when DN0726 HCPCS Line Procedure Paid Code or DN0728 NDC Paid Code are not present.”

In Section 8, California–adopted IAIABC data edits and California specific data edits and error messages, in the California Edit Matrix, on page 55, the “C” under error code 059 for DN0015 was deleted.

In Section 8, California–adopted IAIABC data edits and California specific data edits and error messages, in the California Edit Matrix, on page 56, DN0048 (Employee Mailing City) and DN0050 (Employee Mailing Postal Code) and related reporting information were added.

In Section 8, California–adopted IAIABC data edits and California specific data edits and error messages, in

the California Edit Matrix, on pages 57–64, the following changes were made:

- In the DN0503 (Billing Format Code) row, “C” was added to the error code 064 column;
- In the DN0509 (Service Bill Date(s) Range) row, “X” was deleted from the error code 001 column and “C” was added to the error code 041 column;
- In the DN0510 (Date of Bill) row, “C” was added to the error code 041 column;
- In the DN0511 (Date Insurer Received Bill) row, the “?” and “X” were removed;
- In the DN0512 (Date Insurer Paid Bill) row, “C” was added to the error code 041 column;
- In the DN0515 (Contract Type Code) row, “X” was deleted from the error code 064 column;
- In the DN0520 (Outpatient Reason for Visit Code) row, in the error code 01 column, “X” was changed to “C”;
- In the DN0525 (Principal Procedure Code) row, “C” was deleted from the error code 001 column;
- In the DN0527 row, “C” was added to the error code 064 column and “X” was deleted from the error code 073 column and name of the item was changed from “Prescription Bill Date” to “Prescription Date(s) Range;”
- In the DN0533 (Present on Admission Indicator) row, in the error code 001 column, “X” was changed to “C”;
- In the DN0535 (Admitting Diagnosis Code) row, in the error code 064 column, “X” was changed to “C”;
- In the DN0553 (Day(s)/Unit(s) code) and DN0554 (Day(s)/Unit(s) Billed) rows, “X” was deleted from the error code 001 column;
- In the DN0555 (Place of Service Bill Code) row, “C” was added to the error code 064 column;
- In the DN0599 (Rendering Line Provider State License Number) row, “X” was added to the error code 030 column;
- In the DN0604 (Prescription Line Date) row, “C” was added to the error code 070 column;
- In the DN0630 (Billing Provider State License Number) row, “X” was added to the error code 030 column;
- In the DN0643 (Rendering Bill Provider State License Number) row, “X” was added to the error code 030 column;
- In the DN0659 (Supervising Provider First Name) row, “C” was deleted from the error code 001 column;
- In the DN0680 (Facility State License Number) row, “X” was added to the error code 030 column;

- In the DN0688 (Facility Postal Code) row, “C” was deleted from the error code 001 column;
- In the DN0722 (ADA Procedure Paid Code) row, “C” was added to the error code 001 column;
- In the DN0726 (HCPCS Line Procedure Paid Code) row, “C” was added to the error code 001 column;
- In the DN0728 (NDC Paid Code) row, “C” was added to the error code 001 column;
- In the DN0760 (Prior Actual Amount Paid) row, “X” was deleted from the error code 001 column and “C” was deleted from the error code 064 column.

In Section 9, System specifications, on page 75, in the “Compound drug reporting” section, the citation to “page 4.101” was changed to “Page 4.100.” In addition, the following language was added to the end section: “Physician dispensed compound drugs are reported using loop 2410 Drug Identification for SV1 (professional services). To identify the components of a compound drug, the REF02 segment in Loop 2410 must have the same prescription number or the same linkage number. For reporting physician dispensed compound drugs, refer to IAIABC Workers’ Compensation Medical Bill Data Reporting Implementation Guide Release 2.0, February 1, 2015 Publication, page 2.142.” This language replaced the following language, which was deleted: “The DWC/WCIS requires compound drugs dispensed by a physician to be reported utilizing the SV1 Professional Service segment and the Health Care Financing Administration Common Procedural Coding System (HCPCS) Code, S9430 (Pharmacy compounding and dispensing fee) not associated with the ingredient costs of the compound. All individual ingredients in each compound must be reported at the line level for all compound drug bills, regardless of the type of dispenser.”

In Section 9, System specifications, on page 75, a section entitled “Repackaged drug reporting” was added, including the following language: “The K3 segment in loop 2400 is used to report repackaged drugs. The original NDC is reported in the K3 segment with the original NDC prefaced with ‘ORIGN4’. The repackaged NDC is reported in the LIN segment in the 2410 loop.”

In Section 9, System specifications, on page 77, in the Lien Bills Data Element Requirement table, items DN0503 and DN0504 were removed.

**DOCUMENTS INCORPORATED
BY REFERENCE**

1. IAIABC EDI Implementation Guide for First, Subsequent, Acknowledgment Detail, Header, & Trailer Records, Release 1, February 15, 2002.

2. IAIABC Workers’ Compensation Medical Bill Data Reporting Implementation Guide, Release 2.0, February 1, 2015 Publication.
3. California EDI Implementation Guide for First and Subsequent Reports of Injury (FROI/SROI) Version 3.1 (revision date will be six months from date of approval of regulations by OAL).
4. California Electronic Data Interchange (EDI) Implementation Guide for Medical Bill Payment Records Version 2.0 (revision date will be six months from date of approval of regulations by OAL).

**OBJECTIVE AND ANTICIPATED BENEFITS OF
THE PROPOSED REGULATIONS**

With respect to medical billing data reporting, the anticipated changes will enable the DWC to correctly collect compound and repackaged drug information. There are also technical corrections to the previously approved version (approved April 6, 2015) which, if not adopted, will result in difficulty in transmitting data to DWC. With respect to First and Subsequent Reports of Injury reporting, the proposed update to the California EDI Implementation Guide for First and Subsequent Reports of Injury (FROI/SROI) will give greater understanding of the nature of workplace injuries and illnesses by improving the quality of injury data that DWC receives from claim administrators and the ability of DWC to manage that information once it is collected.

**DETERMINATION OF INCONSISTENCY
AND/OR INCOMPATIBILITY WITH EXISTING
STATE REGULATIONS**

The Administrative Director has determined that the proposed regulatory amendments are not inconsistent or incompatible with existing regulations. After conducting a review for any regulations that would relate to or affect this area, the Administrative Director has concluded that these are the only operative regulations concerning reporting of EDI to WCIS.

DUPLICATION OF LABOR CODE PROVISIONS

The Administrative Director has determined that the proposed regulatory amendments are not duplicative of any Labor Code provision.

**DISCLOSURES REGARDING THE PROPOSED
REGULATORY ACTION**

The Administrative Director has made the following initial determinations:

- Mandate on local agencies and school districts: None.
- Cost or savings to any state agency: None.
- Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630: None.
- Other nondiscretionary cost or savings imposed on local agencies: None.
- Cost or savings in federal funding to the state: None.
- Cost impacts on a representative private person or business: The DWC is not aware of any significant adverse cost impacts that a representative private person or business would need to incur to come into compliance with the new requirements imposed by the proposed amendments to the regulations.
- Statewide adverse economic impact directly affecting business and individuals: Minimal. Costs will be incurred by workers' compensation insurers, self-insured, self-administered employers, and third party administrators to expand the EDI structure of WCIS to conform to changes in the California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.1 and the California EDI Implementation Guide for Medical Bill Payment Records, Version 2.0, February 2015 Publication. The cost of the proposed regulations, including the revisions to the California implementation guides, will primarily be limited to the cost of upgrading computer programming. It is estimated that the cost of the proposed WCIS changes medical data reporting requirements will be approximately \$3,500–\$4,000 for each impacted claim administrator, of which there are estimated to be approximately 1,400 in the State of California. More significant costs are predicted for the approximately 200 claim administrators who will be impacted by the WCIS changes to FROI/SROI data reporting requirements, which will incur approximately \$25,000–\$35,000 in programming costs due to these changes. However, these costs are not anticipated to have a significant, statewide adverse economic impact directly affecting business, or negatively impacting the ability of California businesses to compete with businesses in other states.
- Significant Effect on Housing Costs: None.

**RESULTS OF THE ECONOMIC IMPACT
ANALYSIS/ASSESSMENT**

The Administrative Director concludes that it is (1) unlikely that the proposal will create any jobs within the State of California, (2) unlikely that the proposal will eliminate any jobs within the State of California, (3) unlikely that the proposal will create any new businesses within the State of California, (4) unlikely that the proposal will eliminate any existing businesses within the State of California, and (5) unlikely that the proposal would cause the expansion of the businesses currently doing business within the State of California.

The proposed regulations will not have a significant adverse economic impact on representative private persons or directly affected businesses. The entities directly affected by the regulations are three types of private businesses: (1) employers who are large and financially secure enough to be permitted to self-insure their workers' compensation liability and who administer their own workers' compensation claims; (2) private insurance companies which are authorized to transact workers' compensation insurance in California; and (3) third party administrators which are retained to administer claims on behalf of self-insured employers or insurers.

Benefits of the Proposed Action: The objective of these amendments to the regulations is to increase efficiencies in reporting FROI/SROI data, based on feedback from trading partners, which necessitates updates to the California EDI Implementation Guide for First and Subsequent Reports of Injury to Version 3.1. In addition, the California EDI Implementation Guide for Medical Bill Payment Records, Version 2.0 was updated to correspond to changes made in the IAIABC Workers' Compensation Medical Bill Reporting Implementation Guide, Release 2.0, February 1, 2015 Publication. The proposed changes to 8 C.C.R. sections 9701 and 9702 correspond to and implement the changes in the two California EDI Guides. Making these updates will make the data received more useful to WCIS for research and analysis purposes. In addition, making these changes will make EDI reporting requirements for reporting entities performing WCIS reporting, e-billing and other related functions more consistent, for reporting to DWC and other entities that require the submission of EDI, thereby making reporting requirements more streamlined and efficient for reporting entities.

Small Business Determination: The Administrative Director has determined that the proposed regulations may affect small businesses. However, claim administrators have been required to report to WCIS since November 1, 1999. Therefore, reporting to WCIS is not a

new requirement. In addition, small businesses are generally not self-insured, insurers, or third party administrators.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5(a)(13), the Administrative Director must determine that no reasonable alternative considered or that has otherwise been identified and brought to the Administrative Director’s attention would be more effective in carrying out the purpose for which the actions are proposed, or would be as effective and less burdensome to affected private persons than the proposed actions, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The Administrative Director invites interested persons to present reasonable alternatives to the proposed regulations at the scheduled hearing or during the written comment period.

PUBLIC DISCUSSIONS OF PROPOSED REGULATIONS

The text of the draft proposed regulations and amendments to the California EDI Guidelines for First and Subsequent Reports of Injury, Version 3.1, was made available for pre-regulatory public comment from April 19, 2013 through April 29, 2013 through the Division’s Internet message board (the “DWC Forum”). The proposed revisions were also discussed at the October 21, 2013 and October 20, 2014 meetings of the WCIS Advisory Board. In addition, the text of the draft proposed regulations, amendments to the California EDI Guidelines for First and Subsequent Reports of Injury, Version 3.1, and amendments to the California Electronic Data Interchange (EDI) Implementation Guide for Medical Bill Payment Records, Version 2.0, were made available for pre-regulatory public comment from July 10, 2015 through July 20, 2015 through the Division’s Internet message board (the “DWC Forum”).

AVAILABILITY OF INITIAL STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS, RULEMAKING FILE AND DOCUMENTS SUPPORTING THE RULEMAKING FILE/INTERNET ACCESS

An Initial Statement of Reasons and the text of the proposed regulations in plain English have been prepared and are available from the contact person named

in this notice. The entire rulemaking file will be made available for inspection and copying at the address indicated below.

As of the date of this Notice, the rulemaking file consists of the Notice, the Initial Statement of Reasons, proposed text of the regulations, including the two updated California EDI Guides, pre-rulemaking comments and the Economic Impact Statement (Form STD 399). Also included are studies and documents relied upon in drafting the proposed regulations.

In addition, the Notice, Initial Statement of Reasons, and proposed text of the regulations may be accessed and downloaded from the Division’s website at www.dir.ca.gov. To access them, click on the “Proposed Regulations — Rulemaking” link and scroll down the list of rulemaking proceedings to find the WCIS link.

Any interested person may inspect a copy or direct questions about the draft regulations and any supplemental information contained in the rulemaking file. The rulemaking file will be available for inspection at the Department of Industrial Relations, Division of Workers’ Compensation, 1515 Clay Street, 17th Floor, Oakland, California 94612, between 9:00 a.m. and 4:30 p.m., Monday through Friday. Copies of the proposed regulations, Initial Statement of Reasons and any information contained in the rulemaking file may be requested in writing to the contact person.

CONTACT PERSON FOR GENERAL QUESTIONS

Non-substantive inquiries concerning this action, such as requests to be added to the mailing list for rule-making notices, requests for copies of the text of the proposed regulations, the Initial Statement of Reasons, and any supplemental information contained in the rulemaking file may be requested in writing at the same address. The contact person is:

Maureen Gray
 Regulations Coordinator
 Department of Industrial Relations
 Division of Workers’ Compensation
 P.O. Box 420603
 San Francisco, CA 94142
 E-mail: mgray@dir.ca.gov

The telephone number of the contact person is (510) 286-7100.

CONTACT PERSON FOR SUBSTANTIVE QUESTIONS

In the event the contact person above is unavailable, or for questions regarding the substance of the proposed regulations, inquiries should be directed to:

Lindsey A. Urbina
Division of Workers' Compensation
P.O. Box 420603
San Francisco, CA 94142
E-mail: lurbina@dir.ca.gov

The telephone number of this contact person is (510) 286-7100.

AVAILABILITY OF CHANGES FOLLOWING PUBLIC HEARING

If the Administrative Director makes changes to the proposed regulations as a result of the public hearing and public comment received, the modified text with changes clearly shown will be made available for public comment for at least 15 days prior to the date on which the regulations are adopted.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, the final Statement of Reasons will be available and copies may be requested from the contact person named in this notice or may be accessed on the Division's website at www.dir.ca.gov.

AUTOMATIC MAILING

A copy of this Notice, the Initial Statement of Reasons, and the text of the regulations, will automatically be sent to those interested persons on the Administrative Director's mailing list.

If adopted, the regulations as amended will appear in California Code of Regulations, title 8, commencing with section 9701. The text of the final regulations may also be available through the website of the Office of Administrative Law at www.oal.ca.gov.

TITLE 13. CALIFORNIA HIGHWAY PATROL

TITLE 13, CALIFORNIA CODE OF
REGULATIONS, DIVISION 2, CHAPTER 6.5
AMEND ARTICLE 1, SECTIONS 1202.1 AND
1202.2, AND ARTICLE 6, SECTION 1232.

MOTOR CARRIER SAFETY REGULATIONS — CONSISTENCY WITH TITLE 49, CODE OF FEDERAL REGULATIONS (CHP-R-14-06)

The California Highway Patrol (CHP) proposes to amend the existing version of Federal Motor Carrier

Safety Regulations (FMCSR) contained in Title 13, California Code of Regulations (CCR), to reflect the current version of Federal Regulations in Title 49, Code of Federal Regulations (CFR).

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Title 13 CCR, Division 2, Chapter 6.5, contains the CHP motor carrier safety regulations; Article 1, Sections 1202.1 and 1202.2, contain definitions and general provisions; and Article 6, Section 1232, contains carrier requirements.

This rulemaking action proposes to adopt FMCSRs by reference, and will enhance the competitiveness of California by eliminating or modifying, to the extent possible, regulations which conflict with updated federal regulations, in order to prevent any negative impact on businesses. Also, this rulemaking will allow the CHP to remain consistent with regulations adopted by the United States Department of Transportation. Current state regulation incorporates, by reference, obsolete publishing dates for Title 49, CFR. This amendment will incorporate by reference Title 49, CFR, as published on October 1, 2014, and replace all publication dates as they currently exist in this section, therefore allowing California carriers to discard the 2006 editions of the federal regulations and retain only the 2014 editions.

Anticipated Benefits of the Proposed Regulation:

The proposed regulations will continue to provide nonmonetary benefits by protecting the health and safety of the public, employees, and environment by providing a regulatory authority for enforcement efforts as they relate to violations of the current hazardous materials regulations found in Title 49, CFR which directly improves the safety of the motoring public. The changes in Title 49, CFR include updating an obsolete publication date from "October 1, 2006" to "October 1, 2014", and deleting the publication date, October 1, 2006 as it currently exists on the proposed sections.

Evaluation of Inconsistency/Incompatibility with Existing State Regulations:

The CHP has determined that this proposed regulation is not inconsistent or incompatible with existing regulations. After conducting a review for any regulations that would relate to or affect this area, the CHP has concluded that these are the only regulations that concern motor carrier safety regulations — consistency.

DOCUMENT INCORPORATED BY REFERENCE

Title 49, Code of Federal Regulations, published October 1, 2014.

PUBLIC COMMENTS

Any interested person may submit written comments on this proposed action via facsimile at (916) 322-3154, by e-mail to cvsregs@chp.ca.gov, or by writing to:

California Highway Patrol
 Commercial Vehicle Section
 Attention: Officer Kristi McNabb
 P. O. Box 942898
 Sacramento, CA 94298-0001

Written comments will be accepted until 5:00 p.m., on March 28, 2016.

No public hearing has been scheduled. If any person desires a public hearing, a written request must be received by the CHP, Commercial Vehicle Section (CVS), no later than 15 days prior to the close of the written comment period.

AVAILABILITY OF INFORMATION

The CHP has available for public review an initial statement of reasons for the proposed regulatory action, the information upon which this action is based (the rulemaking file), and the proposed regulation text. Requests to review or receive copies of this information should be directed to the CHP at the above address, by facsimile at (916) 322-3154 or by calling the CHP, CVS, at (916) 843-3400. All requests for information should include the following information: the title of the rulemaking package, the requester's name, proper mailing address (including city, state, and zip code), and a daytime telephone number (in case information is incomplete or illegible).

The rulemaking file is available for inspection. Interested parties are advised to call CHP, CVS for an appointment.

All documents regarding the proposed action are available through the CHP's Website at www.chp.ca.gov/regulations.

Any person desiring to obtain a copy of the adopted text and a final statement of reasons may request them at the above-noted address. Copies will be posted on the CHP's Website.

CONTACT PERSON

Any inquiries concerning the written materials pertaining to the proposed regulations, or questions regarding the substance of the proposed regulations, should be directed to Officer Kristi McNabb or Sergeant Tye Meeks (back-up contact), of CHP, CVS, at (916) 843-3400.

ADOPTION OF PROPOSED REGULATIONS

After consideration of public comments, the CHP may adopt the proposal substantially as set forth without further notice. If the proposal is modified prior to adoption and the change is not solely grammatical or non-substantive in nature, the full text of the resulting regulation, with the changes clearly indicated, will be made available to the public for at least 15 days prior to the date of adoption.

FISCAL IMPACT AND RESULTS OF THE ECONOMIC IMPACT ANALYSIS

The CHP has made an initial determination that this proposed regulatory action: (1) will have no effect on housing costs; (2) will impose no new mandate upon local agencies or school districts; (3) will involve no non-discretionary costs or savings to any local agency; will involve no cost to any local agency or school district for which Government Code, Sections 17500-17630, require reimbursement; will involve no cost or savings to any state agency; nor will it involve costs or savings in federal funding to the state; (4) will neither create or eliminate jobs in the state of California, nor result in the elimination of existing businesses, nor create or expand businesses in the state of California; (5) will continue to provide a nonmonetary benefit to the protection and safety of public health, employees, and safety to the environment by providing a regulatory basis for enforcement efforts as they relate to the CFR; and (6) will have no significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

COST IMPACTS ON REPRESENTATIVE PRIVATE PERSONS OR BUSINESSES

The CHP is not aware of any cost impacts that a representative private person, or business would necessarily incur in reasonable compliance with the proposed action.

EFFECT ON SMALL BUSINESSES

The CHP has determined that the proposed regulation will not affect small businesses as the proposed amendments are either already required by federal regulation or are editorial in nature, and are without regulatory effect. However, the regulated community is encouraged to respond during the public comment period of this regulatory process if significant impacts are identified.

ALTERNATIVES

In accordance with Government Code, Section 11346.5(a)(13), the CHP must determine that no rea-

sonable alternative considered by the agency, or otherwise identified and brought to the attention of the agency, would be more effective in carrying out the purpose for which the action is proposed; nor be as effective and less burdensome to affected private persons than the proposed action; nor be more cost-effective to affected private persons; and equally effective in implementing the statutory policy or other provision of law. The CHP invites interested parties to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period.

AUTHORITY

This regulatory action is being taken pursuant to Sections 2402 and 34501 of the California Vehicle Code (CVC).

REFERENCE

This action implements, interprets, or makes specific, Sections 2402 and 34501 CVC.

TITLE 14. BOARD OF FORESTRY AND FIRE PROTECTION

“DROUGHT MORTALITY AMENDMENTS, 2015”

**Title 14 of the California Code of Regulations
(14 CCR),
Division 1.5, Chapter 4, Subchapter 7, Article 2
Amend: § 1038**

NATURE OF PROCEEDING

Notice is hereby given that the California State Board of Forestry and Fire Protection (Board) is proposing to take the action described in the Informative Digest.

PUBLIC HEARING

The Board will hold a public hearing on Wednesday, April 6, 2016, at its regularly scheduled meeting commencing at 9:00 a.m., at the Resources Building Auditorium, 1st Floor, 1416 Ninth Street, Sacramento, California. At the hearing, any person may present statements or arguments, orally or in writing, relevant to the proposed action. The Board requests, but does not require, that persons who make oral comments at the hearing also submit a written summary of their state-

ments. Additionally, pursuant to **Government Code (GOV) § 11125.1(b)**, writings that are public records pursuant to **GOV § 11125.1(a)** and that are distributed to members of the state body prior to or during a meeting, pertaining to any item to be considered during the meeting, shall be made available for public inspection at the meeting if prepared by the state body or a member of the state body, or after the meeting if prepared by some other person.

WRITTEN COMMENT PERIOD

Any person, or authorized representative, may submit written comments relevant to the proposed regulatory action to the Board. The written comment period ends at 5:00 p.m. on Monday, March 28, 2016.

The Board will consider only written comments received at the Board office by that time and those written comments received at the public hearing, including written comments submitted in connection with oral testimony at the public hearing. The Board requests, but does not require, that persons who submit written comments to the Board reference the title of the rulemaking proposal in their comments to facilitate review.

Written comments shall be submitted to the following address:

Board of Forestry and Fire Protection
Attn: Matt Dias
Acting Executive Officer
P.O. Box 944246
Sacramento, CA 94244-2460

Written comments can also be hand delivered to the contact person listed in this notice at the following address:

Board of Forestry and Fire Protection
Room 1506-14
1416 9th Street
Sacramento, CA 95814

Written comments may also be sent to the Board via facsimile at the following phone number: (916) 653-0989.

Written comments may also be delivered via e-mail at the following address: publiccomments@BOF.ca.gov.

AUTHORITY AND REFERENCE

(pursuant to GOV § 11346.5(a)(2) and 1 CCR § 14)

14 CCR § 1038 Note: Authority cited: Sections 4551, 4553, 4584, ~~4584.1~~ and 4584.1, Public Resources Code. Reference: Sections 4290, 4291, 4516, 4527, 4584 and 4584.1, Public Resources Code; and *EPIC v. California Department of Forestry and Fire Protection and Board of Forestry* (1996) 43 Cal. App.4th 1011.

INFORMATIVE DIGEST/POLICY STATEMENT
OVERVIEW

(pursuant to 11346.5(a)(3)(A)–(D))

Pursuant to the Z'berg–Nejedly Forest Practice Act of 1973 (FPA, PRC § 4511, *et seq.*), the Board is authorized to construct a system of forest practice regulations applicable to timber management on state and private timberlands.

PRC § 4584(c) authorizes the Board to adopt regulation to provide an exemption from the plan preparation and submission requirements (PRC § 4581), and from the completion report and stocking report requirements (PRC §§ 4585 and 4587) of the FPA, to a person engaging in specified forest management activities, including the cutting or removal of dead, dying, or diseased trees of any size.

Pursuant to this authority, the Board amended 14 CCR §1038 in accordance with the provisions of the statute to enable landowners to capture mortality and address the fuel conditions being made worse by the drought and tree mortality.

The history of the development of this regulation is as follows:

- The Board authorized submission of regulation entitled, “Drought Mortality Amendments, 2015”, by the use of Emergency rulemaking (in accordance with GOV §§ 11346.1, 11346.5 (2)–(6) and 11349.6) at their regularly meeting scheduled on June 17, 2015.
- This regulatory action (OAL FILE NO. 2015–0701–02E) became effective on July 13, 2015 and was set to expire on January 12, 2016.
- To avoid a lapse in the effective period, at their regularly meeting scheduled on December 9, 2015, the Board authorized readoption of the findings, with revisions to incorporate new information, and the rule text, with revisions to exclude the amendment to 14 CCR § 1052.1 which had already gone through permanent rulemaking.
- The Board completed the readoption process documented in file OAL FILE NO. 2015–1221–01EE, which became effective on January 12, 2016 and is set to expire on April 12, 2016.

The purpose of the proposed action is to make permanent, until December 31, 2018, through regular rulemaking, this exemption, with modifications.

The effect of the proposed action is to provide a person engaging in the cutting or removal of dead or dying trees of any size an exemption from the plan preparation and submission requirements (PRO § 4581), and from the completion report and stocking report requirements

(PRC §§ 4585 and 4587) of the FPA, to capture mortality, address the fuel conditions being made worse by the drought and tree mortality and reduce the falling hazard associated with deteriorating trees.

The primary benefit of the proposed action is to facilitate the reduction in risk to life, property and the environment posed by dead and dying trees by streamlining the harvest and removal of them, enabling landowners to address the fuel conditions being made worse by the drought and tree mortality and the falling tree hazard. Additional benefits may include a monetary return and improved aesthetics. However, in most cases, the monetary benefit will be negligible, in large part due to the poor quality (due to beetle damage) of material being removed and the lack of accessible markets. Additionally, given that it is likely that California will continue to experience large and damaging wildfires that threaten people’s lives and destroy homes, this exemption (by incentivizing landowners to harvest and remove dead and dying trees) will also reduce the negative impact to the environment and social infrastructure associated with these wildfires, specifically the negative impacts to watersheds, fisheries, wildlife habitat, public health, water supply, water quality, the atmosphere (from GHG emissions) and local economies.

There is no comparable federal regulation or statute.

Board staff conducted an evaluation on whether or not the proposed action is inconsistent or incompatible with existing State regulations pursuant to **GOV § 11346.5(a)(3)(D)**. State regulations related to the proposed action were, in fact, relied upon in the development of the proposed action (including portions of §§ 895.1, 912.7 [932.7, 952.7] (b)(2), the Biological Resources Section of The Board Of Forestry Technical Rule Addendum No. 2 Cumulative Impacts Assessment, 913.3 [933.3, 953.3], 916.4 [936.4, 956.4] (b), 917.2 [937.2, 957.2], 957.4, 919.1 [939.1, 959.1] , 1038, 1038.1, 1038.2, 1052.1, 1052.2, 1052.3 and 1052.4 of Title 14 of the California Code of Regulations) to ensure the consistency and compatibility of the proposed action with existing State regulations. Otherwise, Board staff evaluated the balance of existing State regulations related to the system of forest practice applicable to timber management on state and private timberlands developed pursuant to the FPA and related to the Prevention and Control of Forest Fires and found no existing State regulations that met the same purpose as the proposed action. Based on this evaluation and effort, the Board has determined that the proposed regulations are neither inconsistent nor incompatible with existing State regulations. The proposed regulation is entirely consistent and compatible with existing Board rules; it amends them, providing another exemption.

The entirety of the associated emergency files is incorporated by reference by their OAL file numbers,

which are listed below; otherwise, no documents are incorporated by reference:

- EMERGENCY (OAL FILE NO. 2015-0701-02E)
- EMERGENCY READOPTION 1 (OAL FILE NO. 2015-1221-01EE)

**MANDATED BY FEDERAL LAW
OR REGULATIONS**

The proposed action is not mandated by federal law or regulations.

The proposed action neither conflicts with, nor duplicates Federal regulations.

There are no comparable Federal regulations related to the system of forest practice applicable to timber management on state and private timberlands developed pursuant to the FPA and regarding the existing system of regulation related to the Prevention and Control of Forest Fires. No existing Federal regulations that met the same purpose as the proposed action were identified.

**OTHER STATUTORY REQUIREMENTS
(pursuant to GOV § 11346.5(a)(4))**

There are no other matters as are prescribed by statute applicable to the specific State agency or to any specific regulation or class of regulations.

**LOCAL MANDATE
(pursuant to GOV § 11346.5(a)(5))**

The proposed action does not impose a mandate on local agencies or school districts.

**FISCAL IMPACT
(pursuant to GOV § 11346.5(a)(6))**

There is no cost to any local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of the Government Code.

Regarding costs or savings to any State agency, the anticipated fiscal impact of the 1038(c)(6) exemption, prior to the inclusion of the evaluation component, was expected to be less than \$50,000. The anticipated fiscal impact of the 1038(k) exemption is expected to be similar. Also, like the 1038(c)(6) exemption, the 1038(k) exemption includes an unbudgeted monitoring and reporting component. Specifically, the Department must monitor and report on the statewide use of the exemp-

tion, including the number of harvest area acres, the areas of application and the degree of compliance. Additionally, the Department must, at a minimum, annually report its findings to the Board. The estimated cost to the Department to complete this monitoring and reporting, in particular gauging the degree of compliance, is \$85,000. This is based on an estimated cost of \$138/exemption (~2 hours of a Forester I time per exemption) multiplied by 77% (as of 12/06/15: number of inspections/number of exemptions) of the 800 exemptions expected to be submitted to CAL FIRE during the effective period (01/01/17 to 12/31/18) of the regulation. Therefore, the maximum total estimated fiscal impact is \$135,000. The Department would not require additional Timber Regulation and Restoration Funds for the implementation of the requirements described because the \$135,000 is absorbable within the existing budget. In general, the cost to administer the Forest Practice Program, which includes review and inspection of the 1038(k) exemption, is covered by the Timber Regulation and Restoration Fund.

The proposed action will not result in the imposition of other non-discretionary costs or savings to local agencies.

The proposed action will not result in costs or savings in federal funding to the State.

**HOUSING COSTS
(pursuant to GOV § 11346.5(a)(12))**

The proposed action will not significantly affect housing costs.

**SIGNIFICANT STATEWIDE ADVERSE
ECONOMIC IMPACT DIRECTLY AFFECTING
BUSINESS, INCLUDING ABILITY TO COMPETE
(pursuant to GOV §§ 11346.3(a), 11346.5(a)(7) and
11346.5(a)(8))**

The proposed action will not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. Businesses will be beneficially impacted by the proposed action.

Pursuant to **GOV §11346.5(a)(8)**, the agency shall provide in the record facts, evidence, documents, testimony, or other evidence upon which the agency relies to support this initial determination:

- Contemplation by the Board of the economic impact of the provisions of the proposed action through the lens of the decades of experience practicing forestry in California that the Board brings to bear on regulatory development.

- Research done in May 2015 to develop the fiscal and economic analysis for another exemption, the Protection of Habitable Structures Exemption (otherwise known as the 1038(c)(6) exemption), which involved extensive outreach, including a compilation of responses from seven (7) Registered Professional Foresters (RPF(s))/Licensed Timber Operators (LTO(s)) working throughout the State.
- Information provided by the Department, for the last half of 2015, regarding the number of 1038(k) exemptions, the number of acres per exemption, the number of inspections and the number of violations.
- Additional outreach done in February 2016 specific to how the 1038(k) exemption benefits landowners.

STATEMENTS OF THE RESULTS OF THE ECONOMIC IMPACT ASSESSMENT (EIA)

The results of the economic impact assessment are provided below pursuant to **GOV § 11346.5(a)(10)** and prepared pursuant to **GOV § 11346.3(b)(1)(A)–(D)**. The proposed action:

- (A) will create jobs within California;
- (A) will not eliminate jobs within California;
- (B) will create new businesses;
- (B) will not eliminate existing businesses within California;
- (C) will beneficially affect the expansion of businesses currently doing business within California.
- (D) will have nonmonetary benefits.

COST IMPACTS ON REPRESENTATIVE PERSON OR BUSINESS (pursuant to GOV § 11346.5(a)(9))

The Board is aware of cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. This initial determination is based on the same record facts, evidence, documents, testimony, or other evidence as listed as the basis for the Significant Statewide Adverse Economic Impact.

- 800 exemptions are expected to be submitted to CAL FIRE during the effective period (01/01/17 to 12/31/18) of the regulation.

- Preparation costs are estimated to be between \$50 and \$5,000 depending on many factors including the size of the harvest area, RPF involvement, topography, brush, size of trees and number of trees.
- Similarly, implementation costs depend heavily on many factors including harvest area, topography, brush, size of trees, number of trees, delivered log price and infrastructure constraints. The following two scenarios are provided in an attempt to convey the cost of implementation.
 Scenario 1: The estimated cost per exemption would be \$15,000 if the harvest area was 20 acres and the implementation cost per acre was \$750 (for the harvest and removal of dead and dying trees in compliance with the operational provisions of the Forest Practice Rules).
 Scenario 2: The estimated cost per exemption would be \$15,000 if there was 50 thousand board feet (MBF) in dead and dying trees to be harvested and removed (in compliance with the operational provisions of the Forest Practice Rules) on 20 acres and the implementation cost per MBF was \$300.
- Therefore, the combined cost of preparation and implementation ranges from \$550 to \$20,500 per exemption and may be higher in some instances.

BUSINESS REPORT

(pursuant to GOV §§ 11346.5(a)(11) and 11346.3(d))

The proposed action does not impose a business reporting requirement.

SMALL BUSINESS

(pursuant to 1 CCR 4(a) and (b))

Small business, within the meaning of GOV § 11342.610, is expected to be affected by the proposed action. The types of small businesses that will be beneficially impacted by the proposed action are industrial and nonindustrial forest landowners, forestry consulting, logging, tree removal, landscapers, lumber mills, biogenic energy producers and shavings plants.

Small business:

- (1) Is legally required to comply with the regulation to the extent that a representative private person hires a small business for implementation;
- (2) Is not legally required to enforce the regulation;
- (3) Does derive a benefit from the enforcement of the regulation by being hired for implementation;
- (4) May incur a detriment from the enforcement of the regulation if they do not comply with the regulation.

ALTERNATIVES INFORMATION

In accordance with **GOV § 11346.5(a)(13)**, the Board must determine that no reasonable alternative it considers, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed, or would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

CONTACT PERSON

Requests for copies of the proposed text of the regulations, the Initial Statement of Reasons, modified text of the regulations and any questions regarding the substance of the proposed action may be directed to:

Board of Forestry and Fire Protection
Attn: Matt Dias
Acting Executive Officer
P.O. Box 944246
Sacramento, CA 94244-2460
Telephone: (916) 653-8007

The designated backup person in the event Mr. Matt Dias is not available is Ms. Themi Borrás, Regulations Coordinator for the Board of Forestry and Fire Protection. Ms. Borrás may be contacted at the above address or by phone at (916) 653-8007.

AVAILABILITY STATEMENTS (pursuant to GOV § 11346.5(a)(16))

All of the following are available from the contact person:

1. Express terms of the proposed action using UNDERLINE to indicate an addition to the California Code of Regulations and ~~STRIKETHROUGH~~ to indicate a deletion.
2. Initial Statement of Reasons, which includes a statement of the specific purpose of each adoption, amendment, or repeal, the problem the Board is addressing, and the rationale for the determination by the Board that each adoption, amendment, or repeal is reasonably necessary to carry out the purpose and address the problem for which it is proposed.
3. The information upon which the proposed action is based (pursuant to **GOV § 11346.5(b)** and **GOV § 11346.2(a)**).

4. Changed or modified text. After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulations substantially as described in this notice. If the Board makes modifications which are sufficiently related to the originally proposed text, it will make the modified text — with the changes clearly indicated — available to the public for at least 15 days before the Board adopts the regulations as revised. Notice of the comment period on changed regulations, and the full text as modified, will be sent to any person who testified at the hearings, submitted comments during the public comment period, including written and oral comments received at the public hearing, or requested notification of the availability of such changes from the Board of Forestry and Fire Protection. The Board will accept written comments on the modified regulations for 15 days after the date on which they are made available.

FINAL STATEMENT OF REASONS

When the Final Statement of Reasons (FSOR) has been prepared, the FSOR will be available from the contact person on request.

INTERNET ACCESS

All of the material referenced in the Availability Statements is also available on the Board web site at: http://bofdata.fire.ca.gov/regulations/proposed_rule_packages/.

TITLE 16. BOARD OF PHARMACY

NOTICE IS HEREBY GIVEN that the Board of Pharmacy (Board) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments relevant to the action proposed in writing. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the Board at its office not later than 5:00 p.m. on March 28, 2016.

Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held April 13, 2016 at 10:00 a.m., at the University of Southern California — Orange County Center, 2300 Michelson Drive, Irvine, CA 92612.

The Board, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such

proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by section 4005 of the Business and Professions Code to implement, interpret, and make specific Title 21 Code of Federal Regulation sections 1304 and 1317, the Board is proposing to add and adopt Article 9.1, and Sections 1776, 1776.1, 1776.2, 1776.3, 1776.4, 1776.5, and 1776.6 of Division 17 of Title 16 of the California Code of Regulations as follows:

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The Board of Pharmacy (Board) proposes to add and adopt Article 9.1 and Sections 1776, 1776.1, 1776.2, 1776.3, 1776.4, 1776.5, and 1776.6 of Division 17 of Title 16 of the California Code of Regulations (CCR) for the purpose of adding to the Board’s regulations specific requirements to allow pharmacies that wish to establish prescription drug take back services as part of the Board’s efforts to combat prescription drug abuse within California for greater public safety.

Business and Professions Code (B&P) section 4001.1 specifies that protection of the public shall be the highest priority for the California State Board of Pharmacy in exercising its licensing, regulatory, and disciplinary functions. This section further states that whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

B&P section 4005 generally authorizes the Board to amend rules and regulations necessary for the protection of the public pertaining to the practice of pharmacy.

B&P section 4022 generally defines “dangerous drug” or “dangerous device” as any drug or device unsafe for self-use in humans or animals. California Health and Safety Code, Division 10, the California Uniform Controlled Substances Act, dealing with “controlled substances,” a subset of dangerous and illicit drugs. There are five categories: Schedule 1 drugs are generally considered illicit and are rarely prescribed. Schedule II–V list controlled substances that are prescribed to patients with specific controls on the prescribing and refilling of these substances because these substances are also more often abused than other me-

dications. Controlled Substances in Schedules II–V are a subset of “dangerous drugs.”

B&P section 4037 generally defines “pharmacy” as any place licensed by the Board in which the practice of pharmacy is practiced.

B&P section 4110 generally defines the California licensing requirements to operate a pharmacy.

B&P section 4160 generally defines the California licensing requirements for wholesalers (distributors) and third-party logistics providers (reverse distributors).

Title 21, Code of Federal Regulations section 1304 and 1317 defines the Federal requirements for the disposal of controlled substances.

This proposal will allow pharmacies, hospitals/clinics with onsite pharmacies, distributors and reverse distributors licensed by the board and licensed skilled nursing facilities to offer drug take-back services. This proposal requires that licensees who elect to participate in drug take-back maintain specific records pursuant to 16 CCR Section 1776 et seq. and Title 21, CFR sections 1304 and 1317.

While licensees are not being mandated to provide drug take-back services, these regulations are necessary to provide regulatory oversight should the licensees elect to do so.

ANTICIPATED BENEFITS OF PROPOSAL

This proposal will provide the public with options to dispose of unwanted, unused, or outdated prescription drugs. This will reduce the supply of controlled substances available for misuse and abuse without denying patient access for the medication. Approved entities that are licensed by the Board are permitted to engage in the collection of pharmaceutical drugs from ultimate users if they comply with the DEA and the Board’s regulations. Participation in a drug take-back service is voluntary.

CONSISTENCY AND COMPATIBILITY WITH EXISTING STATE REGULATIONS

During the process of developing these requirements, the Board has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs/Savings to State Agencies or Costs/Savings in Federal Funding to the State: None.

Nondiscretionary Costs/Savings to Local Agencies: None.

Local Mandate: None.

Cost to Any Local Agency or School District for Which Government Code Sections 17500–17630 Require Reimbursement: None.

Business Impact:

The Board has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. The Board has made an initial determination that the proposed regulatory action may affect approximately 1,000 business licensees consisting of pharmacies, hospitals/clinics with onsite pharmacies, distributors and reverse distributors licensed by the board.

As of June 30, 2015, the Board issued licenses to approximately 9,100 pharmacies, hospitals/clinics with onsite pharmacies, distributors and reverse distributors. The Board estimates that approximately 10% of business licensees will voluntarily participate in the drug take-back program. There are currently several drug take-back programs within California, two of those are programs in San Francisco County and Alameda County. Based on the number of licensees in those counties and the number of licensees participating in the county drug take-back programs, the Board determined that 8% of licensees are participating in those counties. Using this information, the Board made the estimate that a 10% participation rate is reasonable for determining the number of licensees that may voluntarily participate statewide.

In order to assess the cost impact that pharmacies, hospitals/clinics with onsite pharmacies, distributors and reverse distributors may incur to comply with the proposed regulations to participate in the drug take-back services, the Board contacted a few businesses that sell the equipment necessary to comply with the proposed regulation and the DEA's regulations.

If a licensee electing to participate in the drug take-back services selected the option to have a collection receptacle on site, it is estimated that the receptacle, the liners, and the shipment for destruction would cost between \$20.00 and \$200.00 a month depending on the frequency of the shipment of liners for the receptacle. There is no initial cost for the receptacle as it is included in the cost of the liners. This is an annual expense of between \$240.00 and \$2,400.00.

If a licensee electing to participate in the drug take-back services selected the mail-back option, the cost of the envelopes to provide to patients, which includes a pre-paid shipping label, will vary depending on the how much advertising is done to the public, how densely populated is the area around the store, how many other medication collection locations are there in the area,

and where the envelopes are displayed in the store. The estimated cost of a box of 250 envelopes is \$1,050.00. A large pharmacy may require 1,000 envelopes a year, at a cost of \$4,200.00, while a small pharmacy may only require 250 envelopes a year.

In order to keep a pharmacy or hospital/clinic with onsite pharmacy open, a pharmacist is required to be present. According to the United States Bureau of Labor Statistics' May 2012 National Occupational Employment and Wage Estimates, the annual average salary for a pharmacist in California is \$125,800. The estimated annual costs for this regulation range from \$240 to \$4,200. The estimated amount is less than 3% of the annual average pharmacist salary. The Board does not consider this to be a significant expense.

Cost Impact on Representative Private Person or Business:

The Board is not aware of any cost impacts that a representative private person would necessarily incur in reasonable compliance with the proposed action. The cost impacts that a representative business would necessarily incur in reasonable compliance with the proposed action and that are known to the Board are estimated to range from \$240 to \$4,200. The estimated amount is less than 1% to 3% of the annual average pharmacist salary and the Board does not consider this to be a significant expense.

Effect on Housing Costs: None.

EFFECT ON SMALL BUSINESS

While the Board does not have nor does it maintain data to define if any of its licensees (pharmacies) are a "small business" as defined in Government Code section 11342.610, the Board has made an initial determination that the proposed regulatory action would not have a significant adverse economic impact directly affecting small businesses. Again, the estimated annual costs for this regulation range from \$240 to \$4,200. The estimated amount is less than 1% to 3% of the annual average pharmacist salary.

Results of Economic Impact Assessment/Analysis:

Impact on Jobs/New Businesses:

The Board has determined that this regulatory proposal will not have a significant impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California. For pharmacies that elect to provide drug take-back services, there may be a benefit of increased revenue by an increase in foot traffic within the business or an intangible benefit of improving public safety and good will in their community. A collector may also cease providing this service at any time. Therefore, the Board estimates that any cost in provid-

ing this voluntary service will be offset by the benefit and will have no economic impact.

Benefits of Regulation:

The Board has determined that this regulatory proposal will benefit the health and welfare of California residents, worker safety, and state’s environment because the proposed regulation will reduce the amount of controlled substances available in California residences which will reduce the amount of drugs being misused and abused. According to the Substance Abuse and Mental Health Services Administration (SAMHSA), over 71 percent of opioids are obtained from family or friends, 5 percent of which were taken from a friend without asking. This will result in improved health for Californians. If fewer people are misusing and abusing controlled substances, there may be a corresponding reduction in crimes seeking prescription medications. On-the-job accidents will decrease if fewer employees and/or co-workers are working under the influence of a controlled substance. Finally, providing drug take-back services will reduce the amount of controlled substances being disposed of by being flushed down the toilet or thrown out in the trash, where the drugs could contaminate lakes, rivers, streams, and soil.

CONSIDERATION OF ALTERNATIVES

The Board must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would either be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposal described in this Notice, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments in writing relevant to the above determinations at the address listed for the Contact Person.

INITIAL STATEMENT OF REASONS AND INFORMATION

The Board of Pharmacy has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and

of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained upon request from the Board of Pharmacy at 1625 N. Market Blvd., N219, Sacramento, California 95834, or from the Board of Pharmacy’s website <http://www.pharmacy.ca.gov>.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Lori Martinez
 Address: 1625 N. Market Blvd., N219
 Sacramento, CA 95834
 Phone No.: (916) 574-7917
 Fax No.: (916) 574-8618
 E-Mail
 Address: Lori.Martinez@dca.ca.gov

The backup contact person is:

Name: Anne Sodergren
 Address: 1625 N. Market Blvd., N219
 Sacramento, CA 95834
 Phone No.: (916) 574-7910
 Fax No.: (916) 574-8618
 E-Mail
 Address: Anne.Sodergren@dca.ca.gov

WEBSITE ACCESS

Materials regarding this proposal can be found at the Board of Pharmacy’s website: www.pharmacy.ca.gov.

TITLE 16. BOARD OF VOCATIONAL NURSING AND PSYCHIATRIC TECHNICIANS

NOTICE IS HEREBY GIVEN that the Board of Vocational Nursing and Psychiatric Technicians (Board), is proposing to take the action described in the

Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at the:

Board of Vocational Nursing and Psychiatric Technicians
2535 Capitol Oaks Drive, Suite 205
Sacramento, California

March 28, 2016

Time 10:30 a.m.–11:30 a.m.

Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the Board at its office **no later than 5:00 p.m. on March 28, 2016**. The Board, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by section 2854 and 4504 of the Business & Professions Code (BPC), and to implement, interpret or make specific BPC sections 2841.1, 2859, 4501.1, the Board is considering changes to Division 25 of Title 16 of the California Code of Regulations (CCR) as follows:

INFORMATIVE DIGEST

This regulatory proposal would add Section 2537.2, Section 2537.3, Section 2590.2 and Section 2590.3, and amend regulations in Division 25 of Title 16, CCR to reference a revised version of the Board's amendment to now be included within Article 6, Revenue.

Business & Professions Code section 2854 (VN) and section 4504 (PT) authorizes the Board to adopt, amend, or repeal rules and regulations as may be reasonably necessary to enable the Board to carry into effect the provisions of laws and regulations relating to the practice of licensed vocational nursing and psychiatric technicians. Existing law, BPC 2841.1, mandates the protection of the public shall be the highest priority for the Board in exercising its licensing, regulatory, and disciplinary functions.

Policy Statement Overview

This proposed regulatory action clarifies and implements Assembly Bill (AB) 1588 (Chapter 742, Statutes 2012) pertaining to temporary license renewal exemp-

tions for California licensed vocational nurses and psychiatric technicians that are on active duty in the military when their license expires; and AB1904 (Chapter 399, Statutes 2012) pertaining to expedited licensure process for applicants who are married to, or in a legal union with, an active duty member of the military who is assigned to a duty station in California under official active duty military orders.

This proposed regulatory action also seeks to clarify and make specific the effective date of a license renewed delinquent and clarifies, updates, and makes technical amendments to the provisions for placing a license on inactive status, and for activating an inactive license.

Anticipated Benefits of Proposal

The regulatory proposal will implement, clarify, and establish rules pertaining to chaptered Legislation (AB1588 and AB1904) to provide for a temporary license renewal waiver to licensed vocational nurses and psychiatric technicians that are on active duty with the military and provide expedited license application processing for any spouse that is married to, or in a legal union with, an active duty member of the military that is serving in California. This regulatory proposal extends consideration and appropriate allowances to those serving on active duty in the military and their spouses in appreciation of their service to the country.

The proposed regulatory action will reduce or eliminate illegal and unauthorized practice in situations where a licensee renews their license delinquent, thus, furthers the Board's goal which is consumer protection. It also provides clarity and specific direction to licensees to restore an inactive license to active status.

Consistency and Compatibility with Existing State Regulations

During the process of developing these regulations and amendments, the Board has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing regulations.

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:

The board has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California to compete with businesses in other states.

Nondiscretionary Costs/Savings to Local Agencies:

None.

Local Mandate:

None.

Cost to Any Local Agency or School District for Which Government Code Sections 17500–17630 Require Reimbursement:

None.

Business Impact:

The Board has made an initial determination that the proposed regulatory action would not have a statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

Cost Impact on Representative Private Person or Business:

The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Effect on Housing Costs:

None.

EFFECT ON SMALL BUSINESS

The Board has made an initial determination that the proposed regulations would not affect small businesses. The proposed regulatory action does not implement any new fees that would be imposed on licensed vocational nurses and psychiatric technicians. The proposed regulatory action is administrative in nature and is designed to implement or update processes and procedures to promote and enhance administration of the Board’s licensing, regulatory, and disciplinary functions.

RESULTS OF ECONOMIC IMPACT ANALYSIS

Impact on Jobs/New Business:

The Board has determined that this regulatory proposal will not have any impact on the creation or elimination of jobs, creation of new businesses or elimination of existing businesses, or the expansion of businesses in the State of California.

Benefits of Regulation:

The Board has determined that this regulatory proposal will have the following benefits to health and welfare of California residents, worker safety, and state’s environment:

It will benefit individuals who are serving on active duty in the Armed Forces by providing a temporary license renewal exemption, and for expedited licensing of the spouse of an individual that is serving on active duty in California. The proposed regulatory action will also benefit applicants that have met the requirements

for licensure by allowing the Board to issue a limited permit in situations when the applicant’s college or university cannot issue an official transcript (a requirement to issue a license) in a timely manner to allow them to practice as a limited permit holder until a license can be issued, thus eliminating a barrier to practice. The proposed regulatory action clarifies rules, processes, and procedures, relating to providing the Board notice of changes in supervision and employment of limited permit holders, the effective date of delinquent license renewals, and activating an inactive license to enhance and promote the Board’s administration of its licensing, regulatory and disciplinary functions.

CONSIDERATION OF ALTERNATIVES

The Board has determined that no reasonable alternative considered to the regulation, or that has otherwise been identified and brought to its attention, would either be more effective in carrying out the purpose for which the action is proposed or would be as effective as and less burdensome to affected private persons than the proposal described in this Notice, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations within the timeframes identified in this Notice, or at a hearing in the event that such a request is made by the public.

INITIAL STATEMENT OF REASONS AND INFORMATION

The Board has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations and any documents incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the Board at **2535 Capitol Oaks Drive, Suite 205, Sacramento, California 95833.**

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which

is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed rule-making action may be addressed to:

Name: Jennifer Almanza
Address: 2535 Capitol Oaks Drive, Suite 205
Sacramento, CA 95833
Telephone No.: (916) 263-7848
Fax No.: (916) 263-7859
E-Mail
Address: Jennifer.Almanza@dca.ca.gov

The backup contact person is:

Name: Carol Northrup
Address: 2535 Capitol Oaks Drive, Suite 205
Sacramento, CA 95833
Telephone No.: (916) 263-7854
Fax No.: (916) 263-7855
E-Mail
Address: Carol.Northrup@dca.ca.gov

Website Access: Materials regarding this proposal can be found at www.bvnpt.ca.gov.

TITLE 17. CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

Date: February 12, 2016

Deadline for Submission of Written Comment: March 28, 2016 – 5:00 p.m.

Public Hearing Date: None Scheduled

**SUBJECT MATTER OF PROPOSED AMENDMENTS:
LOAN ADMINISTRATION POLICY**

Sections Affected: The proposed regulatory action amends Chapter 8, Section 100800, of Title 17 of the California Code of Regulations.

Authority: Article XXXV of the California Constitution and Health and Safety Code Section 125290.40, subdivision (j).

Reference: Sections 125290.40, 125290.70, 125292.10, Health and Safety Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The California Institute for Regenerative Medicine (“Institute” or “CIRM”) was established in 2005 after the passage in 2004 of Proposition 71 (the “Act”), the California Stem Cell Research and Cures Initiative. The statewide ballot measure established a new state agency to make grants and provide loans for stem cell research, research facilities and other vital research opportunities. The Independent Citizens’ Oversight Committee (“ICOC”) is the 29-member governing board for the Institute. The ICOC members are public officials, appointed on the basis of their experience earned in California’s leading public universities, non-profit academic and research institutions, patient advocacy groups and the biotechnology industry.

The goal of CIRM is to sponsor and facilitate research in regenerative medicine that will advance scientific understanding and result in the development of therapies and treatments for a wide range of devastating diseases. The Act charges the ICOC with developing standards and criteria to make grant and loan awards and to develop standards and criteria for proper oversight of these grants and loans.

Public-private partnerships involving research and development activities among industry, government, and universities can play an instrumental role in introducing key new technologies and valuable products to the commercial marketplace. Experience shows that partnerships involving government participation in research and development activities with industry, universities, and government laboratories can greatly facilitate the translation of basic research discoveries to products with societal benefits.

The mission of the CIRM is to foster and promote stem cell research with the aim of improving human health. A secondary goal is to strengthen California’s biotechnology industry and create collateral economic benefits such as high-paying jobs and increased tax revenues. CIRM believes that the funding of commercial research organizations focused on stem cell-related projects is a key component to achieving the overall mission of the Institute. Increased interest by the commercial research sector in stem cell-related research projects and the successful translation of basic research discoveries into commercial products for public use are primary success indicators (among others) that can be used by CIRM to track benefits of commercial sector funding.

To achieve the goal of commercializing stem cell research-related products, CIRM will fund non-profit and for-profit (commercial) research institutions in California via options that include grants and loans. As required by law, all CIRM-funded research activities

must be conducted in the State of California. The goal of a loan program is to fund the translation of research into research tools, medical diagnostics and devices, and therapeutic products. These loans will be targeted at the funding gaps in product development that will serve to leverage participation by follow-on investors, such as venture capital and other capital markets, and result in more products that enter the market. For the State and CIRM, the advantage of a loan program versus a grant is the ability to recycle CIRM research funds, potentially enlarging the return for each CIRM research dollar expended. In addition to loan principal and interest, loans may also feature warrant coverage, depending on the type of loan, which will constitute additional interest-based return on the investment in light of risk posed.

Early stage companies and pre-commercialization entities would be the prime targets for a loan program in light of the lack of funding available in what is known as the “valley of death” for translational development of products. Established companies indicate a loan program would be valuable because there are more research and product development projects worthy of pursuit than can be funded with existing funds available to the companies.

The document incorporated by reference, the Loan Administration Policy (LAP) works from the Non-Profit Grants Administration Policy (Regulation 100500) and setting out the modified policies that apply to CIRM loan funding of for-profit organizations. Note that this LAP does not incorporate the For-Profit GAP, which continues to apply to for-profit organizations to the extent that CIRM funds them through grants. Where differences between grants and loans warrant different treatment, this LAP provides the modified sections that apply to loans. All other provisions of the Non-Profit GAP apply to loans. When Non-Profit GAP provisions are applied to loans, “Loan” replaces “Grant” and “Loan Recipient” replaces “Grantee.”

The proposed amendments affect not regulation 100800 itself, but the document incorporated by reference, the “CIRM Loan Administration Policy, Eff 8/29/2012.”

In the event that the CIRM-funded project is not successful, a Product-Backed Loan is automatically forgiven if, among other things, the loan recipient complies with reporting requirements and abandons the project. Under these circumstances the loan recipient’s obligation to repay the loan is extinguished. However, a loan that has been forgiven will automatically be reinstated in the event that the loan recipient obtains revenue arising in whole or in part from the CIRM-Funded Project. If the Loan Recipient’s obligation to repay has been forgiven and if further activity results in a repayment obligation, the Product Backed Loan will automatically be reinstated under terms that the Intellectual

Property and Industry Subcommittee approves. Because of this springing obligation, a loan recipient whose loan has been forgiven may be required to continue to carry the loan as a liability on its books indefinitely.

To provide clarity regarding future obligations, CIRM proposes giving existing loan recipients whose loan has been forgiven by CIRM the option to convert their loan to a grant and forego reinstatement of a forgiven loan. In this way, loan recipients will be automatically governed by the revenue sharing (and other) principles of the agency’s intellectual property regulations in the event future revenue streams are realized. This will be particularly important in the event future revenues are realized after CIRM has exhausted its funding.

Document Incorporated by Reference

California Institute for Regenerative Medicine’s Loan Administration Policy, Effective date based upon filing with the Secretary of State by OAL.

Anticipated Benefits of the Proposed Regulation:

The primary objective of the regulation is to provide relief from unforeseen financial circumstances that can linger for a CIRM Loan Recipient even though the loan is forgiven. Because CIRM has learned that even a forgiven loan may yet be required to be carried on a recipient’s books, CIRM will allow the recipient to convert the forgiven loan to a Grant. This ensures that CIRM loan funds are attractive to later stage companies by not saddling them with potential debt that may never be extinguished.

Consistency with Existing State Regulations:

After performing an evaluation for any other regulations in this area, CIRM has determined that these are the only regulations dealing with recipients of CIRM loan funds, and therefore the proposed regulations are neither inconsistent nor incompatible with existing state regulations.

DISCLOSURES REGARDING THE PROPOSED AMENDMENTS

CIRM has made the following initial determinations:
Mandate on local agencies and school districts:
 None.

Submittal of Comments:

Any interested party may present comments in writing about the proposed amendments to the agency contact person named in this notice. Written comments must be received no later than 5:00 p.m. on March 28, 2016. Comments regarding this proposed action may also be transmitted via e-mail to lapcomments@cirm.ca.gov.

Public Hearing:

At this time, no public hearing has been scheduled concerning the proposed regulations. If any interested person or the person's representative requests a public hearing, he or she must do so in writing no later than March 14, 2016.

Effect on Small Business:

CIRM has determined that the proposed amendment will have no impact on small businesses. The regulation implements conditions on awarding and administering grants for stem cell research. This research is conducted almost exclusively by large public and private nonprofit institutions. As such, the amendments to the regulation are not expected to adversely impact small business as defined in Government Code Section 11342.610.

Impact on Local Agencies or School Districts:

CIRM has determined that the proposed amendments do not impose a mandate on local agencies or school districts, nor do they require reimbursement by the state pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code because the amendments do not constitute a "new program or higher level of service of an existing program" within the meaning of Section 6 of Article XIII of the California Constitution. CIRM has also determined that no nondiscretionary costs or savings to local agencies or school districts will result from the proposed amendments.

Costs or Savings to State Agencies:

CIRM has determined that no savings or increased costs to any agency will result from the proposed amendments.

Effect on Federal Funding to the State:

CIRM has determined that no costs or savings in federal funding to the state will result from the proposed amendments.

Effect on Housing Costs:

CIRM has determined that the proposed amendments will have no effect on housing costs.

Significant Statewide Adverse Economic Impact Directly Affecting Businesses:

CIRM has made an initial determination that the proposed amendments will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

Cost Impacts on Representative Private Persons or Businesses:

CIRM has made an initial determination that the adoption of these amendments will not have a significant cost impact on representative private persons or businesses. CIRM is not aware of any cost impacts that a representative private person or business would nec-

essarily incur in reasonable compliance with the proposed amendments.

Results of Economic Impact Analysis:

Under section 3 of the "California Stem Cell Research and Cures Act," which established the California Institute for Regenerative Medicine, funds for this agency are continuously appropriated without regard to fiscal year and not subject to budgetary control. The Act requires CIRM adopt rules to apply to Grants and Loans made by the agency.

CIRM has determined that that proposed regulatory action has no direct impact on small businesses. Virtually all applicants for CIRM funding are either large academic nonprofit institutions or well-capitalized biotechnology ventures. As such, the regulation is not expected to adversely impact small business as defined in Government Code section 11343.610. Application for grant funds is voluntary and grant awards are required by Proposition 71 to include a prescribed additional amount to cover any costs associated with administration of the grant by grant recipients.

This action is not expected to have a direct impact on the creation or elimination of jobs, nor the creation of new businesses or elimination of existing businesses, nor the expansion of business currently doing business within the State of California because the regulation affect only administrative requirements regarding use of loan and grant funds. The use of loan funds is required neither by law nor these regulations. To the extent the regulation facilitates use of the funds and encourages development of intellectual property and return of funds to the state as required by law, and to the extent California institutions apply for and receive research funds, such requirements are indirectly attributable to increased economic activity spurred by the investment research funds in the state and resultant positive business and employment development. Also, to the extent the regulation makes it possible for the expenditure of research funds in the state, and to the extent that research results in medical treatments and cures for chronic disease and injury, the regulation indirectly benefits the health and welfare of California residents who will benefit from such treatments and cures. Finally, to the extent that a loan recipient with a forgiven loan is able to convert that potential liability to a grant and remove the debt from its accounting, that will help loan recipients improve their financial standing.

Consideration of Alternatives:

In accordance with Government Code Section 11346.5, subdivision (a)(13), CIRM must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to its attention, would be more effective in carrying out the purpose for which the action is proposed or would be as effective

and less burdensome to affected private persons or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of the law than the proposal described in this Notice. CIRM invites interested persons to present statements or arguments with respect to alternatives to the proposed amendments at the scheduled hearing or during the written comment period.

Availability of Statement of Reasons and Text of Proposed Regulations:

CIRM has prepared an Initial Statement of Reasons, and has available the express terms of the proposed amendments, all of the information upon which the amendments are based, and a rulemaking file. A copy of the Initial Statement of Reasons and the proposed text of the regulation may be obtained from the agency contact person named in this notice. The information upon which CIRM relied in preparing this proposal and the rulemaking file are available for review at the address specified below.

Availability of Changed or Modified Text:

After holding the hearing and considering all timely and relevant comments, CIRM may adopt the proposed amendments substantially as described in this notice. If CIRM makes modifications that are sufficiently related to the originally proposed text of the amendments, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before it adopts the regulations as amended. Requests for the modified text should be addressed to the agency contact person named in this notice. CIRM will accept written comments on any changes for 15 days after the modified text is made available.

Agency Contact:

Written comments about the proposed regulatory action; requests for a copy of the Initial Statements of Reasons and the proposed text of the amendments; and inquiries regarding the rulemaking file may be directed to:

Scott Tocher
Deputy General Counsel
California Institute for Regenerative Medicine
1999 Harrison Street, Suite 1650
Oakland, CA 94612
(415) 396-9100

Questions on the substance of the proposed regulatory action may be directed to:

Amy Cheung
California Institute for Regenerative Medicine
(415) 396-9100

The Notice of Proposed Regulatory Amendments, the Initial Statement of Reasons and any attachments,

and the proposed text of the amendments and existing regulation are also available on CIRM's website, www.cirm.ca.gov.

Availability of Final Statement of Reasons:

Following its preparation, a copy of the Final Statement of Reasons mandated by Government Code Section 11346.9, subdivision (a), may be obtained from the contact person named above.

**TITLE 19. OFFICE OF THE STATE
FIRE MARSHAL**

**AUTOMATIC FIRE EXTINGUISHING
SYSTEMS CERTIFICATION**

The State Fire Marshal (SFM) is providing notice to adopt proposed regulations related to the inspection, testing, and installation of Automatic Fire Extinguishing Systems including a certification and registration program for the individual sprinkler fitter or installer as described below after considering all comments, objections, or recommendations regarding the proposed action.

WRITTEN COMMENT PERIOD

The SFM will accept written comments regarding this proposed regulatory action for at least 45 days beginning February 12, 2016 until 5:00 p.m. on March 28, 2016.

Comments may be submitted to the SFM via:

- Email: diane.arend@fire.ca.gov; or
- Facsimile: (916) 445-8459; or
- US Mail (postmarked no later than March 28, 2016):

Office of the State Fire Marshal
P.O. Box 944246
Sacramento, CA 94244-2460
Attn: Diane Arend, Code Development & Analysis

PUBLIC HEARING

The SFM has not scheduled a public hearing on this proposed action. However, the SFM will hold a public hearing to accept comments if a written request is received from any interested party or their authorized representative no later than 15 days prior to the end of the 45-day written comment period, pursuant to Government Code Section 11346.8.

**AVAILABILITY OF CHANGED OR
MODIFIED TEXT**

Following the 45-day comment period, the SFM may adopt the proposed regulations substantially as de-

scribed in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text — with changes indicated — shall be made available to the public for at least 15 days before the SFM adopts, amends, or repeals the regulations as revised. The SFM will accept written comments on the modified regulations for 15 days after the date on which they are made available. **NOTE:** To be notified of any modifications, you must submit written/oral comments or request that you be notified of any modified regulations. Requests should be sent to the contact person at the address indicated above.

AUTHORITY & REFERENCE

The State Fire Marshal is proposing this regulatory action pursuant to Health and Safety Code, Section 13110, with reference to 13110 Health and Safety Code, to control the work consisting of the installation, alteration or repair of all water-based fire protection systems. The proposed regulations implement, interpret, and make specific sections: 13101, 13103, 13104, 13108, 13110, 13112, 13195, 13197.6, 13198.5 and 13199 of the Health and Safety Code, and 7110, 17200 and 17500 of the Business and Professions Code. In adopting the regulations, the State Fire Marshal shall consider the standards of the National Fire Protection Association.

INFORMATIVE DIGEST — POLICY STATEMENT OVERVIEW

The broad objective of the proposed action is to better define the regulatory requirements of the SFM Automatic Fire Extinguishing Systems Licensing Program and enforcement and maintenance of those requirements, based on the current editions of the water-based national standard of care for the installation of all water-based fire suppression systems.

The regulations proposed in this rulemaking action would specify and define the regulatory requirements of the SFM Automatic Fire Extinguishing Systems Licensing Program by making the following changes:

Create a certification and registration program for fire sprinkler installers/fitters based on national standards and address the current requirements for the installation of all water-based fire suppression systems, excluding one- and two-family dwelling residential sprinkler systems. Collect fees for the administration of the program.

The State Fire Marshal is proposing to adopt CCR, Title 19, Chapter 5.5, Sections 920 through 950. The State Fire Marshal is proposing to incorporate by reference the forms identified in the text of regulations in

Section 950 which are used in the application process for Automatic Fire Extinguishing Systems Certification.

Documents Incorporated by Reference

The Forms are as follows:

- Sprinkler Fitter Certification and Apprentice/Trainee Registration Application, Form AES 1005, Dec. 4, 2015
- Sprinkler Fitter Replacement Certification/Registration Identification Card Application, Form AES 1006, Dec. 4, 2015
- Sprinkler Fitter Commercial and Multi-Family Residential Continuing Education Unit Course Registration Application, Form AES 1007, Dec. 4, 2015
- Sprinkler Fitter SFM Validation of Job Related Experience Program (JREP) Application, Form AES 1008, Dec. 4, 2015
- Sprinkler Fitter Skill Area Reporting Form — Commercial and Multi-Family, Form AES 1009, Dec. 4, 2015

The SFM consulted with the SFM Automatic Fire Extinguishing Systems Advisory Committee and SFM Systems Certification Workgroup and sought their recommendations and analysis of the proposed amendments. They both concur with the proposed rulemaking establishing a certification program.

The SFM also sought the advice of the State Board of Fire Services on the proposed amendments pursuant to Health and Safety Code Section 19818. The Board had no comments regarding the proposed amendments.

Summary of Existing Laws

Section 13110 is added to the Health and Safety Code to read:

(a) Notwithstanding any other provision of this part, the State Fire Marshal may propose, adopt, and administer the regulations that he or she deems necessary in order to ensure fire safety in buildings and structures within this state including regulations related to construction, modification, installation, testing, inspection, labeling, listing, certification, registration, licensing, reporting, operation, and maintenance. Regulations that are building standards shall be submitted to the State Building Standards Commission for approval pursuant to Chapter 4 (commencing with Section 18935) of Part 2.5 of Division 13.

(b) The Office of the State Fire Marshal may establish and collect reasonable fees necessary to implement this section, consistent with Section 3 of Article XIII A of the California Constitution.

This section authorizes the State Fire Marshal to propose for adoption a program for certifying and registering those who install water-based fire protection systems are trained and qualified to do so. Training and

education for those who install fire protection systems is essential to ensuring fire and life safety to those who occupy buildings. This program will ensure that those who do install water-based fire protection systems are trained and qualified to do so.

This section also authorizes the State Fire Marshal to collect a fee to carry out the function of this program.

Summary of Existing Regulations

Title 19, Section 901 adopts the 2011 Edition of NFPA 25 with state amendments for the inspection, testing and maintenance of all water-based fire suppression systems.

There are no existing regulations that require training, education, experience or testing for those who actually *install* water-based fire protection systems in California. Title 16, California Code of Regulations, Division 8, Article 3 requires licensure for a fire protection contractor who lays out, fabricates and installs all types of fire protection systems; including all the equipment associated with these systems, excluding electrical alarm systems.

The State Fire Marshal proposes to adopt new CCR, Title 19, Chapter 5.5 entitled Automatic Fire Extinguishing Systems Certification, Sections 920, 921, 922, 923, 924, 924.1, 924.2, 924.3, 924.4, 924.5, 924.6, 924.7, 924.8, 924.9, 924.10, 924.11, 924.12, 925, 925.1, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 947.1, 947.2, 948, 948.1, 949, and 950.

The Business and Professions Code 7059 et seq. requires licensing for specialty contractors, such as a C-16 Fire Protection Contractor.

Summary of Effect

The effect of this proposed rulemaking is the establishment of a program that will ensure the qualifications and training of those individuals who install water-based fire protection systems. The proposed rulemaking establishes minimum education, training, job experience, and testing for those who install water-based fire protection systems. The proposed rulemaking specifies violations and specifies proposed penalties for such violations. The proposed rulemaking proposes a fee to fund the program.

Comparable Federal Statute or Regulations

There are no comparable federal regulations or statutes.

Evaluation of Inconsistency/Incompatibility with Existing State Regulations

After conducting a review of any and all other regulations that would relate to or affect the area of certifying

and registering those who actually install water-based fire protection systems, the SFM concluded this proposed rulemaking is the only rulemaking that concerns the establishment of minimum requirements for those who actually install water-based fire protection systems. The SFM has determined this proposed regulation is not inconsistent or incompatible with existing regulations.

Objective and Anticipated Benefits

The broad objective of the proposed rulemaking is to ensure that those who install water-based fire protection systems are adequately trained and have the education and experience necessary to install such water-based fire protection systems.

The anticipated benefit to establishing a minimum standard for qualification to install water-based fire protection systems would be the reduction to the risk of loss of life, injury, and the destruction of property due to a failure of a water-based fire protection system in its time of need.

OTHER MATTERS PRESCRIBED BY STATUTE
APPLICABLE TO THE AGENCY OR ANY
SPECIFIC REGULATION OR CLASS
OF REGULATIONS

There are no other matters prescribed by statute applicable to the Office of the State Fire Marshal, or to any specific regulation or class of regulations. There are no other matters to identify.

DISCLOSURES REGARDING THE
PROPOSED ACTION

The State Fire Marshal has made the following initial determinations:

1. Mandate on local agencies and school districts: **None.**
2. Cost or savings to any other State agency: **None.**
3. Cost to any local agency or school district which must be reimbursed in accordance with Government Code, Sections 17500-17630: **None.**
4. Other non-discretionary cost or savings imposed upon local agencies: **None.**
5. Cost or savings in federal funding to the State: **None.**
6. Significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other States: **None.**
7. Significant effect on housing costs: **None.**

COST IMPACTS ON REPRESENTATIVE PERSON OR BUSINESS

8. The cost impacts that a representative, private person or business would necessarily incur in reasonable compliance with the proposed action are provided as follows: Title 19, Section 920 et seq. will result in an insignificant cost to a private person working as an installer of water-based fire sprinkler systems, and to less than 50% of licensed C-16 fire protection contractors. Because most fire protection contractors already operate in accordance with the proposed regulation, this proposed regulation will have no impact to the percentage of those in the business of contracting for the installation of water-based fire protection systems. Those individuals who are certified or registered will be required to pay an annual fee of \$150.00 to the SFM and to take 24 units of SFM approved continuing education every three years. Those who do not currently have employees who participate in training and education programs may realize minimal cost impacts associated with training requirements, however those potential costs are significantly outweighed by the immeasurable economic benefit to the health, safety, and welfare of occupants and owners of buildings in California. The proposed regulation will reduce the likelihood of a fire sprinkler system failure due to it being installed improperly by an untrained and unqualified sprinkler fitter, making it inoperable in its time of need. The cost impact resulting from an inoperable fire sprinkler system includes the loss of life, firefighter injury and/or death, injuries, public and private property loss, and the displacement of businesses, students, children, families, seniors, and the physically and mentally disabled, to name a few.

DECLARATION OF EVIDENCE

The OSFM has not relied on any other facts, evidence, documents, or testimony to make its initial determination of no statewide adverse economic impact.

SMALL BUSINESS EFFECTS

The State Fire Marshal has made the initial determination that these proposed regulations will have no “substantial” effect to small businesses, and the State Fire Marshal has not identified any alternatives that would lessen any adverse impact, if any, on small business.

The majority of fire protection contractors already conduct business in accordance with the proposed regulation. Many of these contractors already conducting business as such are small businesses. All remaining C-16 fire protection contractors, some of which are small businesses, may realize some insignificant costs if they do not currently employ installers who participate in state and federally approved apprenticeship training and education programs. These insignificant costs may arise as a result of being required to employ those who are certified and/or enrolled in approved apprenticeship programs, and the faxing of a report to the SFM giving notice that they have hired an employee classified as a trainee. These potential costs are not significant considering the proposed regulation itself is designed to lessen potential impacts to business, if any.

The fire protection contractor (C-16 licensee), is not required by these regulations to pay any of the expenses associated with apprenticeship training or the SFM fees associated with certification and registration; those fees are up to the individual applying for certification or registration. While employer contractors may pay the fees if they choose, they are not required.

RESULTS OF THE ECONOMIC IMPACT ANALYSIS/ASSESSMENT

The SFM concludes that the proposed regulatory action, within the State of California, would have no significant adverse economic impact and adoption of these regulations *will not*:

- a) Create or eliminate jobs within California;
- b) Create new businesses or eliminate existing businesses within California; or
- c) Affect the expansion of businesses currently doing business within California.

The State Fire Marshal has assessed that this regulatory proposal *will*:

- d) Benefit the Health and Welfare of Residents, Worker Safety, and the State’s Environment.

The proposed regulations are beneficial to lessening the adverse effect that an uncontrolled fire has on lives, property, survivors, and businesses and ultimately promote the health, safety, and general welfare of the public.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the SFM must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be

as effective and less burdensome to affected private persons than the proposed action described in this Notice, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The State Fire Marshal invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period.

BUSINESS REPORT

This regulatory proposal does not mandate any new reporting or recordkeeping requirements, but it will reiterate what is already required such as the Annual Inspection, Testing, and Maintenance reports.

CONTACT PERSON(S)

Inquiries concerning the proposed regulatory action, or requests for copies of the proposed text of the regulations, the initial statement of reasons, the modified text of the regulations or other information upon which the rulemaking is based may be directed to:

- Office of the State Fire Marshal:

Diane Arend, Senior Deputy SFM (RA),
Regulations Coordinator
(916) 324-9592 for general inquiries
diane.arend@fire.ca.gov

James Parsegian, Supervising DSFM,
Automatic Extinguishing Systems Program
(916) 445-8415 for substantive or technical
questions
James.parsegian@fire.ca.gov

Jeff Schwartz, Senior Deputy SFM,
Automatic Extinguishing Systems Program
(916) 341-4364 for back-up substantive or
technical questions
jeffrey.schwartz@fire.ca.gov

**AVAILABILITY OF STATEMENT OF REASONS
AND TEXT OF PROPOSED REGULATIONS**

The State Fire Marshal will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office located at 1131 'S' Street, Sacramento, CA 95814. As of the date this notice is published in the Notice Register, the SFM's rulemaking file consists of this notice, the proposed text of the regulations, the initial statement of reasons for the proposed action, all documents incorporated by refer-

ence and an economic impact assessment contained in the initial statement of reasons. Copies may be obtained through the contact(s) at the address or telephone numbers listed above.

**AVAILABILITY OF THE FINAL STATEMENT
OF REASONS**

Upon its completion, copies of the Final Statement of Reasons (FSOR) may be obtained by making a written request to the contact person at the above address or by accessing the website listed below.

**AVAILABILITY OF DOCUMENTS ON
THE INTERNET**

Copies of the Notice of Proposed Action, the Initial Statement of Reasons (ISOR), the text of proposed regulations in underline and strikeout and all documents incorporated by reference may be accessed through the SFM website at: http://osfm.fire.ca.gov/codedevelopment/codedevelopment_title19development.php.

**SUMMARY OF REGULATORY
ACTIONS**

**REGULATIONS FILED WITH
SECRETARY OF STATE**

This Summary of Regulatory Actions lists regulations filed with the Secretary of State on the dates indicated. Copies of the regulations may be obtained by contacting the agency or from the Secretary of State, Archives, 1020 O Street, Sacramento, CA 95814, (916) 653-7715. Please have the agency name and the date filed (see below) when making a request.

File# 2016-0125-05
AIR RESOURCES BOARD
Conflict-of-Interest Code

This is a Conflict-of-Interest Code that has been approved by the Fair Political Commission and is being submitted for filing with the Secretary of State and printing.

Title 17
AMEND: 95000 REPEAL: 95001, 95002, 95003,
95004, 95005, 95006, 95007
Filed 02/03/2016
Effective 03/04/2016
Agency Contact: Trini Balcazar (916) 445-9564

File# 2015-1223-02
BOARD OF EQUALIZATION
Board Approval Required for Refunds

This rulemaking action by the Board of Equalization (BOE) amends sections 5218, 5235, 5237, and 5267 of title 18 of the California Code of Regulations to be consistent with the Board's delegation of authority to Board staff to grant or deny taxpayer appeals and refund, credit, or cancel amounts in excess of \$100,000 without Board approval. These amendments provide new procedures for the Board's Deputy Directors to make determinations as to whether to approve Board staff's recommendations to refund, credit, or cancel amounts in excess of \$100,000.

Title 18
AMEND: 5218, 5235, 5237, 5267
Filed 02/03/2016
Effective 03/01/2016
Agency Contact: Richard Bennion (916) 445-2130

File# 2015-1215-01
BOARD OF PHARMACY
Naloxone Hydrochloride

The Board of Pharmacy submitted this timely certificate of compliance action to make permanent the adoption of title 16, California Code of Regulations, section 1746.3 in OAL file nos. 2015-0409-03EFP and 2015-0922-01EE. As authorized by Business and Professions Code section 4052.01, section 1746.3 provides the protocol for pharmacists to furnish naloxone hydrochloride to the public without a prescription. Naloxone hydrochloride is an opioid antagonist that reverses the effects of opioid medications and drugs, including oxycodone, oxymorphone, Vicodin, Percocet, methadone, and heroin. Increasing public access to naloxone hydrochloride will prevent drug overdose deaths, which is currently the leading cause of accidental deaths in California.

Title 16
ADOPT: 1746.3
Filed 01/27/2016
Effective 01/27/2016
Agency Contact: Lori Martinez (916) 574-7917

File# 2016-0121-02
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Peer Respite Care Grant Program

This emergency rulemaking by the California Health Facilities Financing Authority ("CHFFA") adopts several sections in title 4 of the California Code of Regulations. Stats. 2015, ch. 18, sec. 55 authorizes CHFFA to appropriate up to \$3,000,000 in unencumbered funds to develop peer respite sites. CHFFA is further authorized to award grants to expand local resources for the devel-

opment, capital, equipment, acquisition, and applicable program startup or expansion costs to increase bed capacity for peer respite support services. These emergency regulations will allow counties, counties applying jointly, private non-profit corporations, and public agencies to apply for grant funds specifically for the purpose of providing an additional continuum of care to those experiencing or at risk of experiencing a mental health crisis.

Title 4
ADOPT: 7210, 7213, 7214, 7215, 7216, 7217, 7218, 7219, 7220, 7221, 7222, 7223, 7224, 7225, 7225.1, 7226, 7227, 7228, 7229
Filed 02/01/2016
Effective 02/01/2016
Agency Contact:
Carolyn Aboubechara (916) 653-3213

File# 2016-0121-06
COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING
Peace Officer Background Investigation — Education Verification

The Commission on Peace Officer Standards and Training submitted this action pursuant to title 1, California Code of Regulations, section 100 to make changes without regulatory effect to title 11, California Code of Regulations, section 1953(e)(5)(A)2. and 4. The proposed changes give effect to changes in Government Code section 1031(e) that were made in AB 795 (Stats. 2015, ch. 499) and that govern minimum education requirements for peace officers. AB 795 added other high school equivalency tests approved by the State Department of Education that indicates high school graduation level to the existing minimum education requirement of having passed the General Education Development (GED) test. The amendment to title 11, California Code of Regulations, section 1953(e)(5)(A)2. corresponds with this amendment made by AB 795 to Government Code section 1031(e). Two other changes without regulatory effect are proposed for title 11, California Code of Regulations, section 1953(e)(5)(A)4. that reflect changes made to minimum peace officer education requirements by AB 795: adding language stating "required by this subdivision" and changing the name of an accreditation agency from the Commission on International and Trans-Regional Accreditation (CITA) to AdvancED.

Title 11
AMEND: 1953(e)(5)
Filed 01/27/2016
Agency Contact: Patti Kaida (916) 227-4847

File# 2016-0126-04
 DEPARTMENT OF FOOD AND AGRICULTURE
 Malaysian Fruit Fly Eradication Area

This emergency regulatory action will establish Los Angeles County as an eradication area with respect to the Malaysian fruit fly (“*Bactrocera latifrons*”) and add a host list due to recent findings of the pest. The effect of the establishment of the eradication area provides authority to the State to perform control and eradication activities against the Malaysian fruit fly in Los Angeles County to prevent the spread of the fly to noninfested areas to protect California’s agricultural industry.

Title 3
 ADOPT: 3591.26
 Filed 01/27/2016
 Effective 01/27/2016
 Agency Contact: Sara Khalid (916) 403-6625

File# 2016-0129-03
 DEPARTMENT OF FOOD AND AGRICULTURE
 Malaysian Fruit Fly Interior Quarantine

This emergency regulatory action will establish Los Angeles County as a quarantine area with respect to the Malaysian fruit fly (“*Bactrocera latifrons*”) and add a host list due to recent findings of the pest. The effect of the establishment of the quarantine area provides authority to the State to perform control and eradication activities against the Malaysian fruit fly in Los Angeles County to prevent the spread of the fly to noninfested areas to protect California’s agricultural industry.

Title 3
 ADOPT: 3442
 Filed 02/02/2016
 Effective 02/02/2016
 Agency Contact: Sara Khalid (916) 403-6625

File# 2015-1217-01
 DEPARTMENT OF INSURANCE
 Workers’ Compensation Policy Forms

This rulemaking by the Department of Insurance adopts, amends, and repeals regulations in title 10 of the California Code of Regulations. These changes relate to the definition of terms and the framework for the submission, approval, withdrawal of approval, and overall use of workers’ compensation policy forms and endorsements by insurers.

Title 10
 ADOPT: 2269 AMEND: 2218, 2250, 2251, 2252, 2253, 2254, 2256, 2257, 2258, 2259, 2260, 2266, 2267, 2268 REPEAL: 2218.1, 2255, 2261, 2262, 2263, 2264, 2265, 2269.1, 2269.4, 2269.7, 2269.10, 2269.11, 2269.13, 2269.14
 Filed 02/02/2016
 Effective 04/01/2016
 Agency Contact: Patricia Hein (415) 538-4430

File# 2015-1214-01
 STATE WATER RESOURCES CONTROL BOARD
 Amendment to the Statewide Water Quality Control Plan for the Ocean Waters of California Addressing Desalination Facility Intakes, Brine Discharges, and to Incorporate Other Nonsubstantive Changes

The State Water Resources Control Board Resolution 2015-0033, adopted May 6, 2015, amended the State Water Quality Control Plan for the Ocean Waters of California, addressing desalination facility intakes, brine discharges, and to make non-substantive changes. The amendments (1) provide a statewide approach to minimize intake and mortality of all forms of marine life and protect water quality near desalination facilities; (2) clarify application of Water Code section 13142.5, subdivision (b) as it pertains to desalination facilities; and (3) implement permitting, monitoring, and reporting requirements regarding desalination facilities.

Title 23
 ADOPT: 3009
 Filed 01/28/2016
 Effective 01/28/2016
 Agency Contact:
 Maria de la Paz Carpio-Obeso (916) 341-5858

File# 2015-1222-02
 STATE WATER RESOURCES CONTROL BOARD
 File & Print Amending Environmental Laboratory Accreditation Program Fees

This file and print action by the State Water Resources Control Board (SWRCB) amends section 64806 of title 22 of the California Code of Regulations to reflect adjustments to the Environmental Laboratory Accreditation Program fees in accordance with Health and Safety Code section 100860.1 and the Budget Act of 2015 (Stats. 2015, ch. 321, sec. 16). This action also includes several nonsubstantive revisions to the regulation text.

Title 22
 AMEND: 64806
 Filed 02/01/2016
 Effective 02/01/2016
 Agency Contact: Ryan Wilson (916) 341-5135

(renumbered to 10253), 11137
 (renumbered to 10254), 11138
 (renumbered to 10255), 11139
 (renumbered to 10256), 11140
 (renumbered to 10257), 11141
 (renumbered to 10258) REPEAL: 11024

**CCR CHANGES FILED
 WITH THE SECRETARY OF STATE
 WITHIN September 3, 2015 TO
 February 2, 2016**

All regulatory actions filed by OAL during this period are listed below by California Code of Regulations titles, then by date filed with the Secretary of State, with the Manual of Policies and Procedures changes adopted by the Department of Social Services listed last. For further information on a particular file, contact the person listed in the Summary of Regulatory Actions section of the Notice Register published on the first Friday more than nine days after the date filed.

Title 2

01/14/16 AMEND: 18944.1
 01/14/16 AMEND: 18996
 01/06/16 AMEND: 48000
 12/30/15 AMEND: 53900
 12/23/15 AMEND: 1859.2, 1859.107, 1859.164.2, 1859.195, 1859.198
 12/23/15 AMEND: 1859.70.4, 1859.93, 1859.93.1, 1859.190
 12/22/15 AMEND: 51000
 12/21/15 AMEND: 58200
 12/21/15 AMEND: 59100
 12/21/15 AMEND: 1859.76
 12/15/15 ADOPT: 18360 AMEND: 18362
 REPEAL: 18360
 12/15/15 AMEND: 57500
 12/15/15 REPEAL: 18413
 12/14/15 ADOPT: 5.1, 5.2, 90, 248, 548.2, 548.5
 REPEAL: 548.77
 12/09/15 ADOPT: 11023 AMEND: 11005.1
 (renumbered to 10500), 11006, 11008, 11009, 11019, 11023 (renumbered to 11024), 11028, 11029, 11030, 11031, 11034, 11035, 11036, 11039, 11040, 11041, 11042, 11043, 11044, 11045, 11046, 11047, 11049, 11050, 11051, 11059, 11060, 11062, 11064, 11065, 11066, 11067, 11068, 11070, 11071, 11075, 11100, 11101, 11103, 11104, 11105, 11111, 11113, 11114, 11121, 11122, 11123, 11128, 11131, 11132, 11133 (renumbered to 10250), 11134 (renumbered to 10251), 11135 (renumbered to 10252), 11136

12/08/15 ADOPT: 59790
 12/03/15 REPEAL: 28010
 12/02/15 ADOPT: 25, 26
 12/02/15 ADOPT: 11, 12, 12.1, 155, 156, 157, 158, 159 AMEND: 547.52
 11/19/15 ADOPT: 59550
 11/09/15 AMEND: 18225.7 REPEAL: 18550.1
 11/04/15 AMEND: 37000
 11/03/15 AMEND: 1859.2, 1859.71.4, 1859.78.1, 1859.79.2, 1859.82, 1859.83, 1859.125, 1859.125.1, 1859.145, 1859.163.1, 1859.163.5, 1859.167.2, 1859.193
 10/28/15 AMEND: 52400
 10/19/15 AMEND: 18422
 10/19/15 AMEND: 18422.5
 10/12/15 AMEND: 599.500
 09/24/15 AMEND: 1181.1, 1181.2, 1181.3, 1181.4, 1181.6, 1181.7, 1181.8, 1181.9, 1181.10, 1181.11, 1181.12, 1181.13, 1182.1, 1182.2, 1182.3, 1182.4, 1182.5, 1182.6, 1182.7, 1182.8, 1182.10, 1182.12, 1182.13, 1183.1, 1183.2, 1183.4, 1183.5, 1183.7, 1183.8, 1183.9, 1183.11, 1183.12, 1183.13, 1183.14, 1183.15, 1183.16, 1183.17, 1183.18, 1184.1, 1185.1, 1185.2, 1185.3, 1185.4, 1185.5, 1185.6, 1185.7, 1185.8, 1185.9, 1186.1, 1186.2, 1186.3, 1186.4, 1186.5, 1186.6, 1186.7, 1187.1, 1187.2, 1187.3, 1187.4, 1187.5, 1187.6, 1187.7, 1187.8, 1187.9, 1187.10, 1187.11, 1187.12, 1187.13, 1187.14, 1187.15, 1188.1, 1188.2, 1190.1, 1190.2, 1190.3, 1190.4, 1190.5
 09/21/15 AMEND: 35101
 09/16/15 AMEND: 54100
 09/14/15 AMEND: 55200
 09/10/15 AMEND: 60000, 60010, 60510, 60550, 60560
 09/09/15 ADOPT: 59750
 09/08/15 AMEND: 560
Title 3
 02/02/16 ADOPT: 3442
 01/27/16 ADOPT: 3591.26
 01/21/16 AMEND: 3435(b)
 01/20/16 AMEND: 3435(b)
 01/14/16 AMEND: 3435(b)
 01/06/16 AMEND: 3435(b)

CALIFORNIA REGULATORY NOTICE REGISTER 2016, VOLUME NO. 7-Z

| | | | |
|----------------|--|----------------|---|
| 01/05/16 | AMEND: 3435(b) | 11/02/15 | ADOPT: 8078.3, 8078.4, 8078.5, 8078.6, 8078.7 |
| 12/30/15 | AMEND: 3435(b) | 10/27/15 | AMEND: 8035 |
| 12/23/15 | ADOPT: 3441 | 10/26/15 | AMEND: 10170.2, 10170.3, 10170.4, 10170.5, 10170.6, 10170.7, 10170.8, 10170.9, 10170.10, 10170.11 |
| 12/21/15 | AMEND: 3435(b) | 10/05/15 | AMEND: 1843.2 |
| 12/16/15 | AMEND: 3435(b) | 09/08/15 | ADOPT: 8130, 8131, 8132, 8133, 8134, 8135, 8136, 8137, 8138 |
| 12/15/15 | AMEND: 3435(b) | 09/08/15 | ADOPT: 10091.1, 10091.2, 10091.3, 10091.4, 10091.5, 10091.6, 10091.7, 10091.8, 10091.9, 10091.10, 10091.11, 10091.12, 10091.13, 10091.14, 10091.15 |
| 12/14/15 | AMEND: 3435 | | |
| 12/07/15 | AMEND: 3435(b) | | |
| 12/02/15 | AMEND: 6170.5, 6723, 6724, 6761 | | |
| 11/24/15 | AMEND: 3435(b) | | |
| 11/24/15 | AMEND: 3435(b) | | |
| 11/18/15 | AMEND: 6260, 6262, 6264, 6266 | | |
| 11/13/15 | AMEND: 3435(b) | | |
| 11/12/15 | AMEND: 3435(b) | | |
| 11/09/15 | AMEND: 1358.4 | | |
| 11/04/15 | AMEND: 6000, 6188, 6742, 6746, 6793 | | |
| 10/29/15 | AMEND: 3435(b) | | |
| 10/22/15 | ADOPT: 1280.11 AMEND: 1280, 1280.1, 1280.7, 1280.8 | | |
| 09/30/15 | AMEND: 3435(b) | | |
| 09/30/15 | AMEND: 1380.19, 1430.10, 1430.12, 1430.14, 1430.26, 1430.27, 1430.45 | | |
| 09/16/15 | AMEND: 3435(b) | | |
| Title 4 | | Title 5 | |
| 02/01/16 | ADOPT: 7210, 7213, 7214, 7215, 7216, 7217, 7218, 7219, 7220, 7221, 7222, 7223, 7224, 7225, 7225.1, 7226, 7227, 7228, 7229 | 01/12/16 | ADOPT: 27700, 27701, 27702, 27703, 27704, 27705 |
| 01/26/16 | ADOPT: 1866.1 AMEND: 1844 | 12/14/15 | AMEND: 80057.5, 80089, 80089.1, 80089.2 |
| 01/25/16 | AMEND: 10170.2, 10170.3, 10170.4, 10170.5, 10170.6, 10170.7, 10170.8, 10170.9, 10170.10, 10170.11 | 12/08/15 | AMEND: 3030(b)(10) |
| 01/04/16 | AMEND: 130 | 11/23/15 | ADOPT: 71105, 71105.5, 71410, 71471, 71775, 71775.5, 74240, 74250, 75140 AMEND: 70000, 71400, 71650, 75150 |
| 12/29/15 | AMEND: 1887 | 11/23/15 | ADOPT: 851.5, 853.6, 853.8 AMEND: 850, 851, 853, 853.5, 853.7, 855, 857, 858, 859, 860, 861, 862, 862.5, 863, 864 |
| 12/24/15 | AMEND: 10302, 10315, 10317, 10320, 10322, 10325, 10326, 10327, 10328, 10337 | 11/18/15 | ADOPT: 80002 AMEND: 80001 |
| 12/10/15 | AMEND: 1632 | 11/03/15 | AMEND: 1505 |
| 12/03/15 | ADOPT: 10091.1, 10091.2, 10091.3, 10091.4, 10091.5, 10091.6, 10091.7, 10091.8, 10091.9, 10091.10, 10091.11, 10091.12, 10091.13, 10091.14, 10091.15 | 10/06/15 | AMEND: 80225 |
| 11/30/15 | ADOPT: 7125.1 AMEND: 7113, 7116, 7118, 7119, 7125, 7127 | 10/05/15 | AMEND: 19810 |
| 11/17/15 | AMEND: 2000 | 09/10/15 | AMEND: 19810 |
| 11/09/15 | ADOPT: 5258, 5271, 5273 AMEND: 5033, 5052, 5100, 5102 (renumbered to 5101), 5103 (renumbered to 5102), 5104 (renumbered to 5103), 5105 (renumbered to 5104), 5106 (renumbered to 5105), 5107 (renumbered to 5106), 5132, 5170, 5190, 5191, 5192, 5200, 5205, 5210, 5230, 5232, 5250, 5255, 5260, 5267 REPEAL: 5101 | | |
| | | Title 8 | |
| | | 01/06/16 | AMEND: 5194(c) |
| | | 12/30/15 | ADOPT: 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962 |
| | | 11/23/15 | AMEND: 10133.32 |
| | | 11/05/15 | AMEND: 333, 336 |
| | | 10/21/15 | AMEND: 15600, 15609 |
| | | 09/21/15 | ADOPT: 14006.1 AMEND: 14003, 14007 |
| | | 09/21/15 | ADOPT: 9785.2.1, 9785.3.1, 9785.4.1, AMEND: 9770, 9785, 9785.4, 9792.5.1 |
| | | 09/15/15 | AMEND: 3437, 3441, 3664(b) |
| | | Title 9 | |
| | | 11/05/15 | AMEND: 4210 |
| | | 10/07/15 | ADOPT: 3200.245, 3200.246, 3510.010, 3560, 3560.010, 3560.020, 3700, 3701, 3705, 3706, 3710, 3715, 3720, 3725, 3726, 3730, 3735, 3740, 3745, 3750, 3755, 3755.010 |
| | | 10/02/15 | AMEND: 10701 |

Title 10

02/02/16 ADOPT: 2269 AMEND: 2218, 2250, 2251, 2252, 2253, 2254, 2256, 2257, 2258, 2259, 2260, 2266, 2267, 2268 REPEAL: 2218.1, 2255, 2261, 2262, 2263, 2264, 2265, 2269.1, 2269.4, 2269.7, 2269.10, 2269.11, 2269.13, 2269.14

01/07/16 ADOPT: 5508, 5509, 5510, 5511, 5512, 5513, 5514, 5515, 5516

12/23/15 ADOPT: 6650, 6652, 6656, 6657, 6658, 6660, 6662, 6664, 6666, 6668, 6670

12/14/15 ADOPT: 6408, 6410, 6450, 6452, 6454, 6470, 6472, 6474, 6476, 6478, 6480, 6482, 6484, 6486, 6490, 6492, 6494, 6496, 6498, 6500, 6502, 6504, 6506, 6508, 6510, 6600, 6602, 6604, 6606, 6608, 6610, 6612, 6614, 6616, 6618, 6620

12/04/15 ADOPT: 1422.3, 1950.122.4.2

11/02/15 AMEND: 2498.5

11/02/15 AMEND: 2498.4.9

11/02/15 AMEND: 2498.6

10/26/15 ADOPT: 2240.15, 2240.16, 2240.6, 2240.7 AMEND: 2240, 2240.1, 2240.4, 2240.5

10/15/15 ADOPT: 5508, 5509, 5510, 5511, 5512, 5513, 5514, 5515, 5516

09/17/15 ADOPT: 6408, 6410, 6450, 6452, 6454, 6470, 6472, 6474, 6476, 6478, 6480, 6482, 6484, 6486, 6490, 6492, 6494, 6496, 6498, 6500, 6502, 6504, 6506, 6508, 6510, 6600, 6602, 6604, 6606, 6608, 6610, 6612, 6614, 6616, 6618, 6620, 6622

Title 11

01/27/16 AMEND: 1953(e)(5)

12/09/15 AMEND: 1070(c)

12/09/15 AMEND: 1001, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1016, 1018, 1019, 1051, 1054, 1055, 1056, 1057, 1058, 1060, 1070, 1071, 1080, 1081, 1082, 1083, 1084, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960

11/23/15 ADOPT: 4250, 4251, 4252, 4253, 4254, 4255, 4256, 4257, 4258, 4259

10/27/15 ADOPT: 313, 314, 315, 316, 999.9, 999.9.1, 999.9.2, 999.9.3, 999.9.4, 999.9.5 AMEND: 999.6, 999.7, 999.8

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