



California Regulatory Notice Register

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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 4. HORSE RACING BOARD

BUSINESS REGULATIONS
 DIVISION 4, ARTICLE 15.
 VETERINARY PRACTICES
 PROPOSE D AMENDMENT OF RULE
 1840, VETERINARY PRACTICES AND
 TREATMENTS RESTRICTED AND
 PROPOSED AMENDMENT RULE 1890,
 POSSESSION OF CONTRABAND

The California Horse Racing Board (Board) proposes to amend the regulations described below after considering all comments, objections, and recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to amend Board Rules 1840, Veterinary Practices and Treatments Restricted, and 1890, Possession of Contraband, to define “endoscopy” and provide that only a Board–licensed veterinarian or registered veterinary technician (RVT) may perform an endoscopy within an inclosure or administer any veterinary treatment or medicine to a horse via a hypodermic needle or nasogastric tube within an inclosure. Additionally, the proposed amendments will clarify that Board–licensed veterinarians, RVTs, and veterinary assistants are authorized to possess these items within an inclosure.

PUBLIC HEARING

The Board has not scheduled a public hearing on this proposed action. However, the Board will hold a hearing if it receives a written request for a public hearing from any interested person, or his or her authorized representative, no later than 15 days prior to the close of the written comment period.

WRITTEN COMMENT PERIOD

Any interested persons, or their authorized representative, may submit written comments about the

proposed regulatory action to the Board. The written comment period closes on **March 25, 2024**. The Board must receive all comments by that time. Submit comments to:

Nicole Lopes–Gravelly, Policy and Regulations
 Analyst
 California Horse Racing Board
 1010 Hurley Way, Suite 300
 Sacramento, CA 95825
 Telephone: (916) 263–6397
 Fax: (916) 263–6042
 Email: nlgravelly@chr.ca.gov

AUTHORITY AND REFERENCE

Authority cited: Sections 19420, 19440, and 19562, Business and Professions Code (BPC). Reference: Sections 19440, 19460, 19562, 19580, 19581, and 19583, BPC.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

BPC section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of Horse Racing Law, whereby responsibilities of the Board shall include, but not be limited to, adopting rules and regulations that protect and advance the health, safety, welfare, and aftercare of racehorses. BPC section 19562 provides that the Board may prescribe rules, regulations, and conditions, consistent with the provisions of Horse Racing Law, under which all horse races with wagering on their results shall be conducted in California.

As endoscopy has become a more common procedure in evaluating upper respiratory function and the Board is concerned about unqualified individuals attempting to perform the procedure, which could cause serious harm to a horse as it involves the insertion of an endoscope directly into an organ. Therefore, the Board seeks to allow only Board–licensed veterinarians and RVTs to perform an endoscopy within an inclosure. Additionally, although Board Rule 1840 currently allows only Board–licensed veterinarians to administer a veterinary treatment or medication to a horse within an inclosure, with certain exceptions, the rule does not specifically address such treatment administered via a hypodermic needle or nasogastric tube, and the Board understands that an RVT may at times employ a hypodermic needle or nasogastric tube in treating a horse under the direction of a Board–licensed veterinarian. Thus, the Board seeks to amend the rule to accommodate this accepted practice. Additionally, the Board seeks to amend Board Rule 1890, Possession of

Contraband, to clarify that Board-licensed veterinarians, RVTs, and veterinary assistants can have within their possession endoscopes and nasogastric tubes to clarify that they can possess these items within the enclosure to perform authorized procedures.

Further, the amendment to Board Rule 1840 will define “endoscopy” and provide that only a Board-licensed veterinarian or RVT may perform an endoscopy within an inclosure or administer any veterinary treatment or medicine to a horse via a hypodermic needle or nasogastric tube within an inclosure.

ANTICIPATED BENEFIT OF THE PROPOSED REGULATION

The proposed regulatory action will protect the safety and welfare of horses by helping to ensure that only qualified individuals perform a procedure that could pose a risk of harm if performed improperly. Specifically, the amendment to Board Rules 1840 and 1890 will provide that only Board-licensed veterinarians and RVTs may perform an endoscopy within an inclosure. This will help prevent injury or harm to the horse, as an endoscopy involves the insertion of an endoscope directly into an organ. This will also provide clarification that only Board-licensed veterinarians, RVTs, and veterinary assistants can have, within their possession, endoscopes and nasogastric tubes.

CONSISTENCY EVALUATION

Evaluation of Consistency and Compatibility with Existing State Regulations: During the process of developing the proposed regulatory action, the Board conducted a search of any similar regulations on the topic and concluded that Board Rules 1840 and 1890 is the only regulation that concerns restriction of the administration of a veterinary treatment or medication to only Board-licensed veterinarians, and no regulation currently addresses the performance of an endoscopy within a inclosure or addresses administration of a veterinary treatment or medication via a hypodermic needle or nasogastric tube by a Board-licensed veterinarian or RVT within an inclosure. Therefore, the proposed regulatory action is neither inconsistent nor incompatible with existing state regulations.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to local agencies and school districts that must be reimbursed in accordance with Government Code (GC) sections 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or savings in federal funding to the state: none.

The Board has made an initial determination that the proposed regulatory 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. The proposed regulatory action will define “endoscopy” and provide that only a Board-licensed veterinarian or RVT may perform an endoscopy within an inclosure or administer any veterinary treatment or medicine to a horse via a hypodermic needle or nasogastric tube within an inclosure. Additionally, the proposed amendment will provide clarification to who is authorize to possess the equipment needed to perform these procedures.

The following studies/relevant data were relied upon in making the above determination: none.

Cost impact on representative private persons or businesses: none. 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.

Significant effect on housing costs: none.

RESULTS OF THE ECONOMIC IMPACT ANALYSIS

The adoption of the proposed regulatory action will not create or eliminate jobs within the state, will not create new businesses or eliminate existing businesses within the state, will not result in the expansion of businesses currently doing business with the state, and will not benefit the health and welfare of California residents, worker safety, or the state’s environment.

Effect on small business: none. The proposed regulatory action does not affect small business because small businesses are not legally required to comply with or enforce the regulation and neither derive a benefit nor incur a detriment from the enforcement of the regulation. The proposed regulatory action will define “endoscopy” and provide that only a Board-licensed veterinarian or RVT may perform an endoscopy within an inclosure or administer any veterinary treatment or medicine to a horse via a hypodermic needle or nasogastric tube within an inclosure.

CONSIDERATION OF ALTERNATIVES

In accordance with GC section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative considered by the Board 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, 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.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Nicole Lopes–Gravely, Policy and Regulations
Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Telephone: (916) 263–6397
Fax: (916) 263–6042
Email: nlgravely@chr.ca.gov

If the person named above is not available, interested parties may contact:

Rick Pimentel, Regulations Analyst
Regulations, Industry Applications, and
Administrative Hearings
Telephone: (916) 274–6043
Email: repimentel@chr.ca.gov

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its offices at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies of these documents, or any of the information upon which the proposed rulemaking is based, may be obtained by contacting Nicole Lopes–Gravely or the alternative contact person at the address, phone number, or email address listed above.

AVAILABILITY OF MODIFIED TEXT

After holding a hearing and considering all timely and relevant comments received, the Board may adopt

the proposed regulation substantially as described in this notice. If modifications are made that are sufficiently related to the originally proposed text, the modified text, with changes clearly marked, shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Nicole Lopes–Gravely at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be made available after the Board has adopted the proposed regulation in its current or modified form, should be sent to the attention of Nicole Lopes–Gravely at the address stated above.

BOARD WEB ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its website. The rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. The Board’s website address is www.chrb.ca.gov.

TITLE 10. DEPARTMENT OF INSURANCE

COMPLETE PROPERTY AND CASUALTY RATE APPLICATIONS REG–2019–00025 EXEMPT RULEMAKING

Pursuant to Government Code section 11340.9(g), this proceeding is exempt from the rulemaking provisions of the Administrative Procedure Act.

SUBJECT OF PROPOSED RULEMAKING

Notice is given that California Insurance Commissioner Ricardo Lara will hold a public hearing to consider amending California Code of Regulations, Title 10, Chapter 5, Subchapter 4.8, Article 3, section 2643.3; Article 4, section 2644.27; and Article 8, sections 2648.1, 2648.2, and 2648.4, to specify the materials and information that must be included initially in a complete rate filing application submitted to Insurance Commissioner Ricardo Lara pursuant to the authority granted by Insurance Code sections 1861.01, 1861.05, and 1861.055.

PUBLIC HEARING

The Commissioner will hold a public hearing to provide all interested persons an opportunity to present statements or arguments, either orally or in writing, concerning these regulations, as follows:

Date:

March 26, 2024

Time:

3:00 p.m. The public hearing shall continue until all in attendance wishing to provide comments have commented, or 5:00 p.m.

Location:

https://us06web.zoom.us/webinar/register/WN_siprsYhsRGab-cbokWmtiQ

The telephonic call-in line that is available to access the public hearing is accessible to persons with hearing impairment. Persons with sight or hearing impairments are requested to notify one of the contact persons for this hearing (listed below) in order to review available accommodations, if necessary.

PRESENTATION OF WRITTEN COMMENTS; CONTACT PERSONS

All persons are invited to submit written comments on the proposed regulations during the public comment period. The public comment period will end on **March 26, 2024**. Please direct all written comments to the following contact person:

Lisbeth Landsman, Attorney IV
Rate Enforcement Bureau
300 Capitol Mall, 17th Floor
Sacramento, CA 95814
Phone: (916) 492–3561
Email: CDIRegulations@insurance.ca.gov

The above contact person may be directly contacted with any questions regarding the substance of the proposed action at the following email address:

Lisbeth.Landsman@insurance.ca.gov

The following contact person may also serve as a backup to the contact person listed above:

Elsa Carre
Rate Enforcement Bureau
1901 Harrison Street
Oakland, CA 94612
Phone: (415) 538–4461
Email: Elsa.Carre@insurance.ca.gov

All other inquiries, including procedural questions related to submitting comments or participating in the hearing, should be addressed to the following contact person.

Kathryn Taras
Office of the Special Counsel
300 Capitol Mall, 17th Floor
Sacramento, CA 95814
Phone: (916) 492–3675
Email: CDIregulations@insurance.ca.gov

Please note that under the California Public Records Act (Government Code Section 6250, et seq.), any written and oral comments, and associated contact information included in such comments (e.g., electronic or physical address, phone number, etc.) become part of the public record and can be released to the public upon request.

DEADLINE FOR WRITTEN COMMENTS

All written materials must be received by the Insurance Commissioner, addressed to the contact person at the address listed above, no later than **March 26, 2024**. Any written materials received after that time may not be considered.

COMMENTS TRANSMITTED BY EMAIL

The Commissioner will accept written comments transmitted by email provided they are sent to the following email address:

CDIRegulations@insurance.ca.gov

Comments sent to email addresses other than that which is designated in this notice will not be accepted. Comments sent by email are subject to the deadline set forth above for written comments.

AUTHORITY AND REFERENCE

The proposed regulations will implement the provisions of Insurance Code sections 1861.01, 1861.05(b), and 1861.055, which also provide the rulemaking authority for this action.

INFORMATIVE DIGEST

Summary of Existing Law

Proposition 103 is codified in Insurance Code sections 1861.01 et seq., and requires, *inter alia*, that no insurance rate subject to its terms shall be inadequate, excessive, or unfairly discriminatory. To help determine whether rates are excessive, inadequate, or unfairly discriminatory, Insurance Code section 1861.05 requires any insurer desiring to change its rates for property and casualty insurance to file a complete rate application with the Insurance Commissioner for his review and approval prior to using the proposed rates. Additionally, Proposition 103 encourages public participation in the rate-making process and allows

consumer representatives to intervene in the review of rate filings. A complete rate application contains certain data specified by statute as well as such other information as the Commissioner may require. The Commissioner first adopted regulations specifying what data should be initially included in a complete rate application in 1993.

Effect of Proposed Action

The proposed amendments will amend the regulations specifying what data should be initially included in a complete rate application. Including all materials with the initial rate application filing will provide the public the time and opportunity necessary to decide whether or not to intervene. The amendments will also reduce unnecessary delays the Department has encountered in reviewing rate applications.

Policy Statement Overview

In order to conduct a full review to make sure insurance rates are not excessive, inadequate, or unfairly discriminatory, the Department has proposed regulations to update and make clear what information must be included initially in a complete rate application. Materials to be contained in initial rate filings include: any and all criteria, guidelines, systems, manuals, and algorithms an insurer uses to reduce, increase, or restrict the number of policies written or renewed; any method or set of standards, parameters, rules, requirements or procedures that is used by an insurer, agent, broker, or underwriter to assist in the determination of whether to accept, examine, inspect, cancel, non-renew, or re-underwrite a risk; and any and all criteria, guidelines, systems, manuals, models and algorithms an insurer, agent, broker, or underwriter relies upon to determine the rate, rating rules and coverages for any particular applicant or insured, including optional coverage rates and rules. Currently, the Commissioner already requires these materials and insurers usually provide them at some point during the rate application review process. However, the timing of the submission of materials can impact the public availability of some data and create unnecessary delays in the rate approval process.

Benefits Anticipated

The benefits anticipated to result from the adoption of the proposed amendments to these regulations include increased clarity for insurers and the public regarding what documents and information are required to be submitted in a complete rate application. Specifically, a complete rate application shall, in addition to the documentation, materials, data, forms, templates, and exhibits required by Insurance Code section 1861.05(b) and Regulations 2644.1 et seq., include any and all criteria, guidelines, or systems, manuals, models and algorithms the insurer uses to determine whether to accept, examine, inspect, can-

cel, non-renew, or re-underwrite a risk, or to modify an applicant’s or insured’s coverage or coverage options. These amendments will eliminate confusion among insurers about what materials are required as part of an initial rate application. The amendments are anticipated to reduce delays in the rate application process that occur when insurers do not initially make all materials available as well as any delays caused by disputes over what exactly is required in an initial complete rate application. Clarifying the requirements for a complete rate application will also provide insurers with greater certainty that their initial rate applications will be accepted.

The regulation amendments will also increase openness and transparency in the governmental rate application process by making clear that all rate application materials are to be made public. Timely submission of an initial complete rate application will allow consumer representatives the opportunity to decide whether to intervene and better allow Department staff to more quickly process and review rate applications. Additionally, the timely submission of all information required in a complete rate application should better allow the Department and the public to determine more expeditiously whether any insurance rate is excessive, inadequate, or unfairly discriminatory, which will benefit the public through increased prevention of discrimination and the promotion of fairness and social equity.

Consistency or Compatibility with Existing State Regulations

The proposed amendments are not inconsistent or incompatible with any other existing regulations. These proposed amendments specifically address the contents of a complete rate application submitted for purposes of complying with Proposition 103, which no other state regulations do.

NOT MANDATED BY FEDERAL
LAW OR REGULATIONS

These regulations are not mandated by federal law. There are no existing federal regulations or statutes comparable to these proposed regulations as no federal statutes or regulations address property and casualty insurance rating factors.

OTHER STATUTORY REQUIREMENTS

The Department evaluated whether there were other requirements prescribed by statute applicable to these regulations by reviewing statutes and regulations relating to this issue, and determined that there were no such requirements.

LOCAL MANDATE

The proposed regulations do not impose any mandate on local agencies or school districts. There are no costs to local agencies or school districts for which Part 7 (commencing with Section 17500) of Division 4 of the Government Code would require reimbursement.

FISCAL IMPACT

The proposed regulation is not anticipated to have a fiscal impact on the Department or any other state agency. While the regulation may result in slightly faster intake and less follow-up on some rate applications, it is not expected to result in a measurable monetary fiscal savings. There are no anticipated costs relating to the review of additional materials, because nearly all of the materials are already submitted at some point during the rate application review. The regulation, by clarifying all materials required to be submitted as part of an initial rate application, may change the timing of the Department's review of some documents, but it is not expected to impose additional costs.

The Department has determined that the proposed regulation will not impose a cost to any local agency or school district that requires reimbursement under Government Code section 17500 et seq., nor will it result in other nondiscretionary costs or savings to local agencies.

HOUSING COSTS

The proposed regulations will have no significant effect on housing costs.

**SIGNIFICANT STATEWIDE ADVERSE
ECONOMIC IMPACT DIRECTLY
AFFECTING BUSINESS**

The Department has made an initial determination that the adoption of the proposed amendments of the regulations may have a significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. The businesses that will be affected are insurance companies writing property and casualty policies in California.

The Department has determined that, at a minimum, such insurers must include as part of their initial complete rate applications certain materials, information, and documents that demonstrate whether the requested rate is appropriate and not excessive, inadequate, or unfairly discriminatory. Such materials, information, and documents include, without limitation, insurers' historical data supporting an estimate of the projected losses, expenses, and investment income expected

during the projected rating period, as well as information regarding how insurers determine whether to accept and write certain risks, including, without limitation, any and all criteria, guidelines, systems, manuals, models and algorithms an insurer uses to reduce, increase, or restrict the number of policies written or renewed; any method or set of standards, parameters, rules, requirements or procedures that is used by an insurer, agent, broker, or underwriter to assist in the determination of whether to accept, examine, inspect, cancel, non-renew, or re-underwrite a risk; and any and all criteria, guidelines, systems, manuals, models and algorithms an insurer, agent, broker, or underwriter relies upon to determine the rate, rating rules and coverages for any particular applicant or insured, including optional coverage rates and rules. Currently, the Commissioner already instructs insurers to submit the materials described above, and insurers usually provide them at some point during the rate application review process. These regulations specify that all necessary materials are included in a complete rate application at the time it is initially submitted, not later during the rate application review process.

The Department has considered proposed alternatives that would lessen any adverse economic impact on business and invites interested parties to submit proposals. Submissions may include the following considerations:

- (i) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to businesses.
- (ii) Consolidation or simplification of compliance and reporting requirements for businesses.
- (iii) The use of performance standards rather than prescriptive standards.
- (iv) Exemption or partial exemption from the regulatory requirements for businesses.

**STATEMENT OF RESULTS OF THE
ECONOMIC IMPACT ASSESSMENT**

Below is a summary of the results of the Economic Impact Assessment pursuant to Government Code sections 11346.3(b)(1)(A) through (D). Detailed analysis of the conclusions follows.

- A. The proposed regulations are estimated to have a minimal effect, a gain of 142.6 jobs within the State of California. The net impact of the regulation on employment is expected to be less than one-thousandth of a percent of the projected total civilian employment in California ($76.4 / 18,605,400 = 0.0004\%$).
- B. The proposed regulations are estimated to have a minimal effect, a loss of 219 jobs within the State of California. The net impact of the regulation on

employment is expected to be less than one–thousandth of a percent of the projected total civilian employment in California (76.4 / 18,605,400 = 0.0004%).

- C. The average direct benefit to an impacted insurer of \$833,000 (\$20 million / 24 firms), is not anticipated to have a significant impact on the creation of new businesses in California.
- D. The \$193 estimated direct cost (\$11.5 million / 59,706 businesses) to a typical business is not expected to affect the elimination of existing businesses in California.
- E. The average direct benefit to an impacted insurer is estimated to be \$833,000 (\$20 million / 24 firms), it is not anticipated that the proposed regulation will impact the ability of businesses located in California to expand. Additionally, the \$193 estimated cost (\$11.5 million / 59,706 businesses) to a typical impacted business is not expected to affect the ability of businesses located in California to expand. The small estimated net impact on total output suggests that the regulation will have a minimal impact on the California economy as a whole.
- F. The proposed regulations are expected to result in a benefit to the welfare of California insurance consumers by ensuring rate applications are approved in a more timely and expeditious fashion, and the resulting insurance rates are not excessive, inadequate, or unfairly discriminatory.

**POTENTIAL COST IMPACT
ON REPRESENTATIVE
PERSON OR BUSINESSES**

The estimated cost on a typical impacted business in California is \$193 (\$11.5 million / 59,706 businesses).

The proposed regulation is estimated to result in an aggregate cost of \$8.5 million to residential insurance policyholders (individuals) per year. Without knowing which companies might be affected in any given year, the Department can't estimate with certainty the average impact to individuals.

BUSINESS REPORT

The Department finds that it is necessary for the health, safety or welfare of the people of the state that the regulation apply to businesses.

IMPACT ON SMALL BUSINESSES

The proposed amendments to regulations are projected to have a beneficial direct impact on insurers as discussed in the foregoing analysis, and by law insur-

ance companies are not considered small businesses (Government Code § 11342.610(b)(2)).

According to the small business definition in Government Code Section 11342.610, the Department estimated the number of small businesses potentially impacted by the proposed regulation. The Department's analysis included removing industries that were designated as not small businesses and using available business size data to estimate the number of small businesses in the manufacturing sector. For all other industry sectors, the Department used receipt data published by the US Census to estimate the percentage of small businesses by industry sector. However, this is not a perfect match, as the Census data only identified firms with receipts greater than \$1,000,000, whereas the Government Code often cites a higher gross receipt threshold for small businesses (e.g. agriculture is \$1,000,000, but services are \$2,000,000). As a result, the Department's estimate likely somewhat overstates the number of small businesses impacted.

The Department estimates that approximately 40,400 small businesses may be adversely impacted by the proposed regulation. This represents approximately 3.4 percent of all business establishments in the state (excluding In-Home Supportive Services (IHSS)). The monetary impact to small businesses is likely to be somewhat lower than the \$193 average for all impacted businesses, but actual costs will be dependent upon the location of the business, the amount of insurance purchased, and coverage options. This extra cost to businesses represents a commercial insurance rate increase that was coming, but because this regulation will eliminate delays and speed up the rate approval process, the increased insurance bill will be due sooner. The detailed small business establishment estimates by industry can be found in full in Appendix A.

ALTERNATIVES INFORMATION

The Department must determine that no reasonable alternative considered by the Department, or that has otherwise been identified and brought to the attention of the Department, would be more effective in carrying out the purpose for which this action is proposed; 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 underlying Insurance Code section 11736.5.

AVAILABILITY STATEMENTS

The Department has prepared an Initial Statement of Reasons that sets forth the reasons for the proposed action. Upon request, the Initial Statement of Reasons

will be made available for inspection and copying. Requests for the Initial Statement of Reasons or questions regarding this proceeding should be directed to the contact person listed above.

The file for this proceeding, which includes a copy of the express terms of the proposed action, the Initial Statement of Reasons, the Economic Impact Assessment, and all the information upon which the proposed action is based, and any supplemental information, including any reports, documentation and other materials related to the proposed action that is contained in the rulemaking file. The documents described above may be inspected in person or provided electronically. Please direct such requests to the contact person above.

MODIFIED TEXT

If the amended regulations adopted by the Department differ from those which have originally been made available but are sufficiently related to the action proposed, they will be available to the public for at least 15 days prior to the date of adoption. Interested persons should request a copy of these amended regulations prior to adoption from the contact person listed above.

FINAL STATEMENT OF REASONS

Once it has been prepared, the Final Statement of Reasons will be part of the file for this proceeding. The documents described above may be inspected in person or provided electronically. Please direct such requests to the contact person above.

INTERNET ACCESS

Documents concerning proposed regulations are available on the Department's website at the following link: <https://legaldocs.insurance.ca.gov/publicdocs/RegulationList>.

TITLE 10. DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

The Commissioner of Financial Protection and Innovation ("Commissioner") proposes to adopt new regulations under the Debt Collection Licensing Act. Specifically, the Commissioner proposes to amend section 1850 and adopt section 1850.70 of subchapter 11.3 of Title 10 of the California Code of Regulations:

The Department of Financial Protection and Innovation ("Department") administers and enforces the Debt Collection Licensing Act (DCLA). The Debt Collection Licensing Act requires licensing of debt

collectors that collect consumer debt. The persons subject to licensure is broad and includes businesses and individuals who engage in debt collection or debt buying, or who compose and sell, or offer to compose and sell, forms and other collection media, intended to be used for debt collection.¹ The Debt Collection Licensing Act applies to debt collectors located in California or outside of California seeking to collect consumer debt from California residents.² The Act became operative on January 1, 2022.³

AUTHORITY

[Government Code Section 11346.5,
Subdivision (a)(2)]

Financial Code (Fin. Code) section 100003.

REFERENCE

[Government Code Section 11346.5,
Subdivision (a)(2)]

Financial Code sections 100003, 100020, and 100021.

PUBLIC COMMENTS

[Government Code Section 11346.5,
Subdivision (a)(17)]

No public hearing is scheduled. Any interested person or his or her duly authorized representative may request, in writing, a public hearing pursuant to Section 11346.8, subdivision (a), of the Government Code. The request for hearing must be received by the Department's contact person designated below no later than 15 days prior to the close of the written comment period.

WRITTEN COMMENT PERIOD

[Government Code Section 11346.5,
Subdivision (a)(15)]

Where to Submit Comments

Any interested person, or his or her authorized representative, may submit written comments on the proposed regulatory action to the Department, addressed as follows, by any of these means:

¹ Fin. Code, § 100002, subdivision (j).

² Fin. Code, § 100001, subdivision (a).

³ Fin. Code, § 100000.5, subdivision (a).

By Postal Mail

Department of Financial Protection and
Innovation
Attention: DeEtte Phelps, Regulations Coordinator
2101 Arena Boulevard
Sacramento, California 95834

By Electronic Mail

Comments may be submitted electronically to regulations@dfpi.ca.gov with a copy to mary.tome@dfpi.ca.gov. Please identify the comments as PRO 01–23 in the subject line and submit the comments in Microsoft Word format, if available.

Time for Comments

Comments may be submitted until March 27, 2024. If the final day for the acceptance of comments is a Saturday, Sunday or state holiday, the comment period will close on the next business day.

INFORMATIVE DIGEST
[Government Code Section 11346.5,
Subdivision (a)(3)]

Policy Statement and Specific Benefits Anticipated from Regulatory Action [Government Code Section 11346.5, Subdivision (a)(3)(C)]

The objectives of the proposed regulations are to:

- Define the term “net proceeds generated by California debtor accounts”; and
- Specify the information required to be included in an annual report.

On September 25, 2020, Governor Newsom signed Senate Bill 908 establishing the Debt Collection Licensing Act. The Debt Collection Licensing Act requires the Department to license, regulate, investigate, and examine persons engaged in collecting consumer debt. The proposed regulations would clarify statutory terms and specify the requirements relating to annual reports.

Nonmonetary benefits to licensees include clarity on how to calculate net proceeds generated by California debtor accounts, on which the Department bases each licensee’s annual assessment,⁴ and clarity on the items required in the annual report, also required under the DCLA.⁵

The regulatory action increases transparency in government and encourages public participation in adopting balanced regulations through compliance with California’s administrative rulemaking requirements.

⁴ Fin. Code, § 100020.

⁵ Fin. Code, § 100021.

Summary of Existing Laws and Regulations, and Effect of Proposed Action [Government Code Section 11346.5, Subdivision (a)(3)(A)]

The Debt Collection Licensing Act prohibits any person from engaging in the business of collecting consumer debt without first obtaining a license from the Department.⁶ Existing law defines “debt collector” to mean any person who, in the ordinary course of business, regularly, on the person’s own behalf or on behalf of others, engages in debt collection, including a debt buyer and any person who composes and sells, or offers to compose and sell, forms, letters and other collection media used or intended to be used for debt collection.⁷ Existing regulations specify the process by which a debt collector can apply for a license, requirements related to surety bonds, requirements to notify the Department of changes to certain information, and the process to surrender a license.⁸

Existing law requires each debt collector licensee to pay annually its pro rata share of all costs and expenses incurred in the administration of the Debt Collection Licensing Act “based upon the proportion of net proceeds generated by California debtor accounts in the preceding year.”⁹ The proposed rule would define the term “net proceeds generated by California debtor accounts” and specify the formula to be used in calculating the amount depending on the type of business model.

Existing law requires each debt collector licensee to file an annual report containing certain information.¹⁰ The proposed rule would define certain terms related to the annual report, clarify how to calculate required amounts, mandate certain other information to be included in the annual report, and specify how to submit the report.

Existing Federal Regulation or Statute [Government Code Section 11346.5, Subdivision (a)(3)(B)]

Debt collectors are subject to the federal Fair Debt Collection Practices Act.¹¹ The Fair Debt Collection Practices Act prohibits debt collectors from engaging in abusive or deceptive debt collection practices. The Federal Trade Commission and the federal Consumer Financial Protection Bureau receive and investigate complaints from consumers concerning debt collection. The proposed regulatory action is not inconsistent with existing federal laws.

⁶ Fin. Code, § 100001, subdivision (a).

⁷ Fin. Code, § 100002, subdivision (j).

⁸ See, generally, Cal. Code Regs., title 10, § 1850 et seq.

⁹ Fin. Code, § 100020, subdivision (a).

¹⁰ Fin. Code, § 100021.

¹¹ 15 U.S.C. § 1692 et seq.

Existing State Regulations [Government Code Section 11346.5, Subdivision (a)(3)(D)]

The Commissioner has conducted an evaluation of whether the proposed regulations are consistent with existing state regulations and has concluded that these regulations are consistent with existing regulations under the Debt Collection Licensing Act. Other state laws such as the Rosenthal Fair Debt Collection Practices Act and the Fair Debt Buying Practices Act regulate the activities of debt collectors. The Debt Collection Licensing Act authorizes the Commissioner to enforce these laws. This proposed regulatory action is consistent with existing policy considerations of the Rosenthal Fair Debt Collection Practices Act and the Fair Debt Buying Practices Act. The California Attorney General may investigate complaints concerning debt collectors. This proposed rulemaking is neither inconsistent nor incompatible with other existing state regulations.

FORMS INCORPORATED BY REFERENCE

[Title 1, California Code of Regulations, Section 20, Subdivision (c)(3)]

This proposed regulatory action does not incorporate any forms by reference.

DISCLOSURES REGARDING THE PROPOSED ACTION

[Government Code Section 11346.5, Subdivisions (a)(5) and (6), and (12)(A)]

- Mandate on local agencies or 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.
- Significant effect on housing costs: none.

ECONOMIC IMPACT ON BUSINESS

[Government Code Section 11346.5, Subdivision (a)(8)]

The Commissioner has made an initial determination that the proposed regulatory action is unlikely to have a significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

EFFECT ON SMALL BUSINESS
[Title 1, California Code of Regulations, Section 4]

This regulatory action may impact small business.

COST IMPACTS ON REPRESENTATIVE PRIVATE PERSON OR BUSINESS

[Government Code Section 11346.5, Subdivision (a)(9)]

The Department estimates that debt collector licensees may incur absorbable costs from completing the statutorily required annual report. Costs would be largely absorbable because debt collectors are already required to retain records under the Fair Debt Collection Practices Act. Data required in the annual report may be found in records required to be maintained under the Fair Debt Collection Practices Act and in-putted into the appropriate place or equivalent data point in the annual report.

RESULTS OF THE ECONOMIC IMPACT ANALYSIS

[Government Code Section 11346.5, Subdivision (a)(10)]

The Commissioner has determined:

- The proposed action is unlikely to create or eliminate jobs within the state.
- The proposed action is unlikely to create new businesses or eliminate existing businesses within the state.
- The proposed action is unlikely to expand businesses currently doing business within California.
- As discussed above under the Informative Digest, the proposed action may benefit the health and welfare of California residents by facilitating adequate oversight of debt collectors, which would allow the Department to investigate and ensure that licensees are conducting debt collection activities in accordance with the law.
- No benefits or adverse impacts to worker safety or to the state's environment are anticipated from this regulatory action.

BUSINESS REPORTING REQUIREMENT

[Government Code Section 11346.5, Subdivision (a)(11)]

The Department has determined it is necessary for the health, safety, or welfare of the people of this state that the reports required in this regulatory action apply to businesses.

CONSIDERATION OF ALTERNATIVES

[Government Code Section 11346.5,
Subdivision (a)(13)]

The Commissioner must determine that no reasonable alternative considered by the Department, or that has otherwise been identified and brought to the attention of the Department, would be more effective in carrying out the purpose for which the action is proposed; be as effective and less burdensome to affected private persons than the proposed action; or be more cost-effective to affected private persons and equally effective in implementing the policy and provisions of the Debt Collection Licensing Act.

AVAILABILITY OF THE NOTICE,
STATEMENT OF REASONS, TEXT OF
PROPOSED REGULATIONS AND
RULEMAKING FILE

[Government Code Section 11346.5,
Subdivisions (a)(16) and (20), and (b)]

As of the date this Notice is published, the rulemaking file consists of this Notice, the Initial Statement of Reasons, the Proposed Text of the regulations, and all the information upon which the proposal is based. The Department will make the entire rulemaking file available for inspection and copying throughout the rulemaking process at the address provided, and from the persons identified, in the “Contact Persons” section of this notice.

The Notice, Initial Statement of Reasons and Proposed Text are also available on the Department’s website at www.dfpi.ca.gov. To access the documents from the Department’s website, select the “Laws and Regulations” tab under “Licensees” on the home page, select the “Regulations/Rulemaking” link, and then select the “Debt Collection Licensing Act” link.

AVAILABILITY OF CHANGED
OR MODIFIED TEXT

[Government Code Section 11346.5,
Subdivision (a)(18)]

If the Department makes changes which are sufficiently related to the original Proposed Text, it will make the modified text (with changes clearly indicated) available to the public for at least 15 days before the Department adopts, amends or repeals the regulations as revised. A request for a copy of any modified regulation(s) should be addressed to the contact persons named in this notice. The Department will accept written comments on the modified regulations for at least 15 days after the date on which they are made available.

AVAILABILITY OF FINAL
STATEMENT OF REASONS

[Government Code Section 11346.5,
Subdivision (a)(19)]

Upon its completion, the Final Statement of Reasons will be available to the public, and copies may be requested from the contact persons named in this notice or accessed on the Department’s website listed above.

CONTACT PERSONS

[Government Code Section 11346.5,
Subdivision (a)(14)]

Please direct all inquiries concerning the proposed rulemaking action (including requests for copies of the proposed text of the regulations, the initial statement of reasons, or the modified text of the regulation, and questions regarding the timelines or rulemaking status) to:

Department of Financial Protection and
Innovation

Attention: DeEtte Phelps

2101 Arena Blvd., Sacramento, CA 95834

Telephone: (916) 839–8995

Email: regulations@dfpi.ca.gov

The backup contact person for these inquiries is:

Department of Financial Protection and
Innovation

Attention: Mary D. Tomé

300 S. Spring Street, Suite 15513

Los Angeles, California 90013

Telephone: (949) 378–9522

Email: mary.tome@dfpi.ca.gov

**TITLE 13. DEPARTMENT
OF MOTOR VEHICLES**

DIVISION 1, CHAPTER 1
ARTICLE 3.0 — VEHICLE
REGISTRATION AND TITLING

The Department of Motor Vehicles (department or DMV) proposes to adopt Section 156.02 and amend Sections 156.00 and 156.01 in Article 3.0, Chapter 1, Division 1, Title 13 of the California Code of Regulations, related to the Clean Air Vehicle Decal Program.

PUBLIC HEARING

A public hearing regarding this proposed regulatory action is not scheduled. However, a public hearing will be held if any interested person or his or her duly

authorized representative requests a public hearing to be held relevant to the proposed action by submitting a written request to the contact person identified in this notice no later than fifteen (15) days prior to the close of the written comment period.

DEADLINE FOR WRITTEN COMMENTS

Any interested party or his or her duly authorized representative may submit written comments relevant to the proposed regulations to the contact person identified in this notice. All written comments must be received at the department no later than **March 25, 2024**, the final day of the written comment period, in order for them to be considered by the department before it adopts the proposed regulation.

AUTHORITY AND REFERENCE

The department proposes to adopt/amend/peel these regulations under the authority granted by Vehicle Code section 1651, in order to implement, interpret, or make specific Vehicle Code sections 5205.5 and 21655.9.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Assembly Bill 71 (Chapter 330; Statutes of 1999) adopted Vehicle Code section 5205.5 authorizing the department to issue identifying decals to vehicles meeting certain emission standards. The Clean Air Vehicle Decal Program is administered through the joint effort of the Department of Motor Vehicles, the Department of Transportation, and the California Air Resources Board (CARB). Vehicles identified by CARB as meeting specified emission standards can be issued a decal, which allows the driver to access high-occupancy vehicle (HOV) lanes with fewer than the required number of passengers and are granted a toll-free or reduced rate passage on HOV toll lanes. CARB also administers the Clean Vehicle Rebate Project that offers rebates from \$1,000 to \$7,500 for the purchase or lease of qualifying zero-emission vehicles. While most qualifying vehicles are eligible under both the clean air vehicle decal program and the clean vehicle rebate project, Vehicle Code section 5205.5 prohibits participation in both programs unless the rebate was issued to a buyer whose gross annual income falls below one hundred fifty thousand dollars (\$150,000) for a person who files a tax return as a single person, two hundred four thousand dollars (\$204,000) for a person who files a tax return as a head of household, and three hundred thousand dollars (\$300,000) for a person who files a joint tax return or is at or above one hundred fifty thousand dollars (\$150,000) for a person

who files a tax return as a single person, two hundred four thousand dollars (\$204,000) for a person who files a tax return as a head of household, and three hundred thousand dollars (\$300,000) for a person who files a joint tax return.

The department has determined it necessary to adopt regulations to make clear that a vehicle purchaser must choose which program in which they want to participate by adopting procedures that require the vehicle purchaser to return previously issued clean air vehicle decals if they choose to participate in the rebate project. The adoption will allow a vehicle purchaser to participate in the clean air vehicle decal program if they provide proof to the department that they were denied participation in the clean vehicle rebate project.

Vehicle Code section 5205.5 requires the department to collect a fee for the decals in an amount sufficient to reimburse the department for the actual costs of administering the decal program. In a report issued in February 2015 by the Bureau of State Audits entitled California's Alternative Energy and Efficiency Initiatives, the Bureau determined the department should conduct periodic cost analyses to ensure the decal fees cover all program costs. The department has recently conducted an updated cost analysis that includes departmental overhead, personal services, and operating expenses and equipment, and has determined the fee should increase from \$22 to \$27. The fee increase will ensure the solvency of the clean air vehicle decal program.

PROBLEMS THIS DEPARTMENT INTENDS TO ADDRESS AND BENEFITS OF THE PROPOSED REGULATION

The department anticipates addressing two problems with this proposed action. The first issue is related to the clean air programs offered by the department and the CARB. Currently, a person who purchase a qualifying clean air vehicle can choose to participate in the Clean Air Vehicle Decal Program or the CARB's Clean Vehicle Rebate Project. This proposed action clearly establishes the steps a person must complete when they choose to participate in either program.

Second, this action increases the fee for a set of clean air vehicle decals. The problem created by not increasing the fee as the program expands is that funds from the Motor Vehicle Account may be used to pay for the financial gap in administering the program. This could impact the department's ability to meet its obligations, and the obligations of other departments that rely on funds in the Motor Vehicle Account. The increased fee adopted in this action will help the department ensure there is no financial gap in this successful program that benefits California drivers and promotes benefits to the state's environment.

CONSISTENCY AND COMPATIBILITY
WITH STATE REGULATIONS

The department has conducted a review of existing regulations and has determined that the proposed regulations are neither incompatible nor inconsistent with existing state regulations.

The CARB’s Clean Vehicle Rebate Project also provides California drivers with incentives to purchase clean vehicles, however, a program participant cannot participate in the Clean Vehicle Rebate Project and the Clean Air Vehicle Decal program. The proposed regulations references the CARB’s program and makes clear that a driver cannot participate in both programs and provides instruction to a driver on the process to notify the department of the program in which they are choosing to participate.

DOCUMENTS INCORPORATED
BY REFERENCE

The following documents are incorporated by reference:

- Application for Clean Air Vehicle Decals, REG 1000 (Rev. 9/2023)
- New Vehicle Dealer Application for Clean Air Vehicle Decals, Form REG 1000 D (Rev. 9/2023)
- Statement of Facts, REG 256 (Rev. 8/2008)

These forms are not published in the California Code of Regulations because it would be impractical and cumbersome to do so; however, the documents are readily available to interested parties by contacting the department representative identified below.

ECONOMIC AND FISCAL
IMPACT DETERMINATIONS

The department has made the following initial determinations concerning the proposed regulatory action:

- Cost or Savings to Any State Agency: The department will recoup an additional five dollars, for a total of \$27, per set of decals issued. The revised figure will ensure the department is collecting fees sufficient to cover program costs and ease the burden on the Motor Vehicle Account.
- Other Non–Discretionary Cost or Savings to Local Agencies: None.
- Costs or Savings in Federal Funding to the State: None.
- Effects on Housing Costs: None.
- Cost to any local agency or school district requiring reimbursement pursuant to Government Code section 17500 et seq.: None.

- Cost Impact on Representative Private Persons or Businesses: The cost impact a representative private person or business would necessarily incur in reasonable compliance with the proposed action is \$27 for a set of decals. The clean air vehicle decal program is a voluntary program and no vehicle owner is required to participate.
- Small Business Impact: The department does not anticipate this action will impact small businesses unless the small business chooses to purchase decals.
- Local Agency/School District Mandate: The proposed regulatory action will not impose a mandate on local agencies or school districts, or a mandate that requires reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.
- Significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states: The department is not aware of any significant statewide adverse economic impact that would directly affect businesses with adoption of the proposed regulations.

RESULTS OF THE ECONOMIC
IMPACT STATEMENT

The department has made the following determinations when assessing the economic impact associated with this proposed regulation:

The department has made the initial determination that this action will not impact, 1) the creation or elimination of jobs within the State of California, 2) the creation or elimination of existing businesses within the State of California, or 3) the expansion of businesses currently doing business within the State of California.

This action will benefit the health and welfare of California residents and the state’s environment. The proposed action establishes provisions related to the Clean Vehicle Rebate Project and amends provision related to the Clean Air Vehicle Decal Program. These two programs encourage the purchase of clean air vehicles.

PUBLIC DISCUSSIONS OF
PROPOSED REGULATIONS

A pre–notice workshop, pursuant to Government Code section 11346.45, is not required because the issues addressed in the proposal are not so complex or large in number that they cannot easily be reviewed during the comment period.

ALTERNATIVES CONSIDERED

The department must determine that no reasonable alternative considered by the department or that has otherwise been identified and brought to the attention of the department would be more effective in carrying out the purpose for which the action is proposed, or would be effective as 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 provisions of law.

CONTACT PERSON

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

Randi Calkins, Regulations Specialist
Department of Motor Vehicles
Legal Affairs Division
P.O. Box 932382, MS C-244
Sacramento, CA 94232-3820

Any inquiries or comments concerning the proposed rulemaking action requiring more immediate response may use:

Telephone: (916) 282-7294
Facsimile: (916) 657-6243
Email: LADRegulations@dmv.ca.gov

In the event the contact person is unavailable, inquiries should be directed to the following back-up person:

Peggy Gibson, Attorney IV
Department of Motor Vehicles
Telephone: (916) 657-6469

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The department has prepared an Initial Statement of Reasons for the proposed regulatory action and has available all the information upon which the proposal is based. The contact person identified in this notice shall make available to the public upon request the Express Terms of the proposed regulatory action using underline or italics to indicate additions to, and strike-out to indicate deletions from the California Code of Regulations.

The contact person identified in this notice shall also make available to the public, upon request, the Final Statement of Reasons and the location of public records, including reports, documentation and other materials related to the proposed action. In

addition, the above-cited materials (the Notice of Proposed Regulatory Action, the Initial Statement of Reasons, and Express Terms) may be accessed at <https://www.dmv.ca.gov/portal/about-the-california-department-of-motor-vehicles/california-dmv-rulemaking-actions/>.

AVAILABILITY OF MODIFIED TEXT

Following the written comment period, and the hearing if one is held, the department may adopt the proposed regulations substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the fully modified text, with changes clearly indicated, shall be made available to the public for at least 15 days prior to the date on which the department adopts the resulting regulations. Requests for copies of any modified regulations should be addressed to the department contact person identified in this notice. The department will accept written comments on the modified regulations for 15 days after the date on which they are first made available to the public.

TITLE 14. FISH AND GAME COMMISSION

NOTICE IS HEREBY GIVEN that the Fish and Game Commission (Commission), pursuant to the authority vested by sections 200, 205, 265, 702, 7071 and 8587.1 of the Fish and Game Code and to implement, interpret or make specific sections 200, 205, 265, 1802 and 7071 of said Code, and 50 Code of Federal Regulations Part 660, Subpart G, Sections 660.350, 660.351, 660.352, and 660.360, proposes to amend sections 27.20, 27.25, 27.30, 27.35, 27.40, 27.45, 27.50, 28.27, 28.28, 28.29, 28.47, 28.48, 28.49, 28.54, 28.55, and 28.56, Title 14, California Code of Regulations, relating to recreational fishing regulations for federal groundfish for 2024.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Unless otherwise specified, all section references in this document are to Title 14 of the California Code of Regulations (CCR).

Federal groundfish regulations are typically adopted on a biennial cycle. However, adjustments are made in-season when necessary to keep fisheries within established limits, or in other cases to increase harvest opportunities when catch and bycatch is tracking below projections. Regulations currently in place for the 2023-2024 biennium were not successful in constraining catches of quillback rockfish to the federally-established catch limits for this species off California

in 2023, requiring in-season closures for sport and commercial fisheries for much of the state. Consequently, significant changes to the 2024 regulations are necessary to avoid exceeding these catch limits again.

The Pacific Fishery Management Council (PFMC) will recommend recreational fishing regulations for federally managed groundfish species for 2024 at its March 5–11, 2024 meeting. Based on these recommendations, federal regulations are expected to be published by early April 2024, requiring amendment of several state regulations to maintain consistency with and to complement the new federal regulations in state waters. The changes necessary to state recreational regulations include seasons, depth limit and Rockfish Conservation Area (RCA) boundaries, and bag limit amendments for all Groundfish Management Areas (GMAs). Species-specific regulation changes for many or all federal groundfish species are necessary as well.

The proposed changes are as follows:

Subsection 27.20(a), is proposed to be amended to modify how “depth” is defined, and to reference the new Title 14 Section 35.00 defining the 20-fathom boundary line. This amendment is necessary to allow for use of the new 20-fathom boundary line to restore fishing opportunities on healthy nearshore stocks in shallow waters while minimizing catch of quillback rockfish.

Subsection 27.20(b)(1)(A) is proposed to be amended to allow anchoring and drifting in addition to transiting in a closed area and add a provision to allow hoop nets, crab traps, and dip nets as specified within closed areas shoreward of an “offshore only” boundary line while groundfish legally taken in the “offshore only” fishery are aboard. The amendment provides exceptions to allow use of hoop nets, Dungeness crab traps, and dip nets for take of select non-groundfish invertebrate species while groundfish are onboard a vessel that is anchoring, drifting, or transiting through the nearshore closure.

Subsection 27.20(b)(2) is proposed to be amended to add language requiring a descending device be in possession and available for immediate use to assist in releasing rockfish to the depth of capture. Subsections 28.27(d), 28.28(d), 28.29(d), 28.47(c), 28.48(c), 28.49(c), 28.54(d), 28.55(d), and 28.56(d) are proposed to be amended to reference the descending device requirement as specified in subsection 27.20(b)(2).

Subsections 27.25(b), 27.30(b), 27.35(b) are proposed to be amended to modify the seasons, authorized species, and depth restrictions in for federal groundfish so that fisheries are specified as “nearshore only” or “offshore only” or closed for different dates through the year.

Subsections 27.40(a), 27.40(b) are amended and 27.40(c) is added to define a sub-management area boundary line at 36° N. lat. (near Point Lopez), and to authorize the seasons, species and depth restrictions for each area north and south of 36° N. lat. Fisheries in the area north of Point Lopez are specified as “nearshore only,” “offshore only,” or closed for different dates through the year. Fisheries in the area south of Point Lopez are specified as “nearshore only,” “offshore only,” “all depth,” or closed for different dates through the year.

Subsection 27.45(b) is proposed to be amended to modify the seasons, authorized species, and depth restrictions for federal groundfish so that fisheries are specified as “nearshore only,” “offshore only,” “all depth,” or closed for different dates through the year.

Section 27.50, and subsections 27.20(b)(1)(C) and (D), 27.45(a), 28.27(a)(7), 28.28(a)(7), 28.29(a)(7), 28.47(a), 28.48(a), 28.49(a), 28.54(a), 28.55(a)(7), 28.55(b)(5) and 28.56(a) are proposed to be modified to repeal the Cowcod Conservation Area regulations and to add language for consistency with new regulations establishing Groundfish Exclusion Areas closed to all groundfish fishing.

Subsections 28.55(b)(1) through (4) are proposed to be amended to add quillback rockfish to the list of prohibited species, repeal the 1-fish quillback rockfish sub-bag limit, and reduce the vermilion rockfish sub-bag limit.

Several non-substantive changes are proposed to provide consistency, and reduce redundancy between Title 14 sections, and increase the clarity of the regulations. Subsections 27.20(b)(1)(C) and (D), 27.25(b), 27.30(b), 27.35(b), 27.40(b), and 27.45(b) are proposed to be amended for increased clarity on species that are otherwise prohibited to take. In sections 27.20, 27.25, 27.30, 27.35, 27.40, 27.45, 28.27, 28.28, 28.29, and 28.55 “depth constraint” is updated to read “depth restriction” for enhanced clarity and consistent terminology usage. Subsections are renumbered as appropriate when other subsections are added or repealed. In all sections included in this rulemaking “take and/or possession” is updated to read “take or possession” for enhanced clarity and enforceability. In all sections, references are updated for increased clarity.

Benefit of the Regulations:

It is the policy of this state to encourage the conservation, maintenance, and utilization of the living resources of the ocean and other waters under the jurisdiction and influence of the state for the benefit of all the citizens of the state and to promote the development of local and distant water fisheries based in California. The objectives of this policy include, but are not limited to, the maintenance of sufficient populations of all species of aquatic organisms to ensure their continued existence and the maintenance of a

sufficient resource to support a reasonable sport use, taking into consideration the necessity of regulating individual sport fishery bag limits to the quantity that is sufficient to provide a satisfying sport. Adoption of scientifically-based groundfish seasons, depth constraints, size limits, and bag and possession limits provides for the maintenance of sufficient populations of groundfish species to ensure their continued existence.

The goals and benefits of the proposed regulations include consistency with federal law, sustainable management of groundfish and associated species resources, and promotion of businesses that rely on recreational groundfish fishing.

Consistency and Compatibility with Existing Regulations:

The proposed regulations are neither inconsistent nor incompatible with existing state regulations. Section 20, Article IV, of the state Constitution specifies that the Legislature may delegate to the Commission such powers relating to the protection and propagation of fish and game as the Legislature sees fit. The Legislature has delegated to the Commission the power to adopt regulations governing recreational fishing (California Fish and Game Code sections 200 and 205). No other state agency has the authority to adopt regulations governing recreational fishing. The Commission has reviewed its own regulations and finds that the proposed regulations are neither inconsistent nor incompatible with existing state regulations. The Commission has searched the CCR for any regulations regarding the adoption of [topic] regulations; therefore, the Commission has concluded that the proposed regulations are neither inconsistent nor incompatible with existing state regulations.

PUBLIC PARTICIPATION

Comments Submitted by Mail or Email

It is requested, but not required, that written comments be submitted on or before March 13, 2024 at the address given below, or by email to FGC@fgc.ca.gov. Written comments mailed, or emailed to the Commission office, must be received no later than March 25, 2024. If you would like copies of any modifications to this proposal, please include your name and mailing address. Mailed comments should be addressed to Fish and Game Commission, PO Box 944209, Sacramento, CA 94244–2090.

MEETINGS

NOTICE IS GIVEN that any person interested may present statements, orally or in writing, relevant to this action at a hearing to be held in the Natural Resources Headquarters Building, Second Floor, 715 P Street, Sacramento, California, which will commence

at 9:00 a.m. on Wednesday, February 14, 2024, and may continue at 8:30 a.m., on Thursday, February 15, 2024. This meeting will also include the opportunity to participate via webinar/teleconference. Instructions for participation in the webinar/teleconference hearing will be posted at www.fgc.ca.gov in advance of the meeting or may be obtained by calling (916) 653–4899. Please refer to the Commission meeting agenda, which will be available at least 10 days prior to the meeting, for the most current information.

NOTICE IS ALSO GIVEN that any person interested may present statements, orally or in writing, relevant to this action at a webinar/teleconference hearing which will commence at 8:30 a.m. on Tuesday, March 26, 2024. Instructions for participation in the webinar/teleconference hearing will be posted at www.fgc.ca.gov in advance of the meeting or may be obtained by calling (916) 653–4899. Please refer to the Commission meeting agenda, which will be available at least 10 days prior to the meeting, for the most current information.

AVAILABILITY OF DOCUMENTS

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulation in underline and strikeout format can be accessed through the Commission website at www.fgc.ca.gov. The regulations as well as all related documents upon which the proposal is based (rulemaking file), are on file and available for public review from the agency representative, Melissa Miller–Henson, Executive Director, Fish and Game Commission, 715 P Street, Box 944209, Sacramento, California 94244–2090, phone (916) 653–4899. Please direct requests for the above-mentioned documents and inquiries concerning the regulatory process to Melissa Miller–Henson or Sherrie Fonbuena at FGC@fgc.ca.gov or at the preceding address or phone number. **Dr. Craig Shuman, Marine Regional Manager, Department of Fish and Wildlife, (R7RegionalMgr@wildlife.ca.gov), has been designated to respond to questions on the substance of the proposed regulations.**

AVAILABILITY OF MODIFIED TEXT

If the regulations adopted by the Commission differ from but are sufficiently related to the action proposed, they will be available to the public for at least 15 days prior to the date of adoption. Circumstances beyond the control of the Commission (e.g., timing of Federal regulation adoption, timing of resource data collection, timelines do not allow, etc.) or changes made to be responsive to public recommendation and comments during the regulatory process may preclude full compliance with the 15-day comment period, and

the Commission will exercise its powers under Section 265 of the Fish and Game Code. Regulations adopted pursuant to this section are not subject to the time periods for adoption, amendment or repeal of regulations prescribed in sections 11343.4, 11346.4, 11346.8 and 11347.1 of the Government Code. Any person interested may obtain a copy of said regulations prior to the date of adoption by contacting the agency representative named herein.

If the regulatory proposal is adopted, the final statement of reasons may be obtained from the address above when it has been received from the agency program staff.

IMPACT OF REGULATORY ACTION/
RESULTS OF THE ECONOMIC
IMPACT ASSESSMENT

The potential for significant statewide adverse economic impacts that might result from the proposed regulatory action has been assessed, and the following initial determinations relative to the required statutory categories have been made:

(a) Significant Statewide Adverse Economic Impact Directly Affecting Business, Including the Ability of California Businesses to Compete with Businesses in Other States:

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. The Commission anticipates decreased opportunities for the recreational and commercial groundfish fishery in 2024–2025 compared to 2023. However, the impact on the entirety of marine sportfishing activity is not expected to be sufficient to significantly impact sportfishing expenditures to businesses within the state.

(b) Impact on the Creation or Elimination of Jobs Within the State, the Creation of New Businesses or the Elimination of Existing Businesses, or the Expansion of Businesses in California; Benefits of the Regulation to the Health and Welfare of California Residents, Worker Safety, and the State’s Environment:

The Commission does not anticipate any significant impacts on the creation or elimination of jobs, the creation of new business, the elimination of existing businesses or the expansion of businesses in California. However, some short-term job losses may occur as sportfish-related businesses adjust to changes in the composition of recreational fishing opportunities.

The Commission anticipates benefits to the health and welfare of California residents. Participation in sport fisheries opportunities fosters conservation through education and appreciation of California’s wildlife. The Commission does not anticipate any benefits to worker safety. The Commission anticipates

benefits to the environment by the sustainable management of California’s sport fishing resources.

(c) Cost Impacts on a Representative Private Person or Business:

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

(d) Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:

None.

(e) Nondiscretionary Costs/Savings to Local Agencies:

None.

(f) Programs Mandated on Local Agencies or School Districts:

None.

(g) Costs Imposed on any Local Agency or School District that is Required to be Reimbursed Under Part 7 (commencing with Section 17500) of Division 4, Government Code:

None.

(h) Effect on Housing Costs:

None.

EFFECT ON SMALL BUSINESS

It has been determined that the adoption of these regulations may affect small business. The Commission has drafted the regulations in Plain English pursuant to Government Code Sections 11342.580 and 11346.2(a)(1).

CONSIDERATION OF ALTERNATIVES

The Commission must determine that no reasonable alternative considered by the Commission, or that has otherwise been identified and brought to the attention of the Commission, 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, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

**TITLE 14. DEPARTMENT OF
CONSERVATION**

**WELL STIMULATION TREATMENT (WST)
PERMITTING PHASE–OUT**

**DIVISION 2
CHAPTER 4. DEVELOPMENT,
REGULATION, AND CONSERVATION OF
OIL AND GAS RESOURCES**

**OFFICE OF ADMINISTRATIVE LAW
NOTICE FILE NUMBER: Z2024–0130–03**

NOTICE IS HEREBY GIVEN that the California Department of Conservation (Department) through its Geologic Energy Management Division (CalGEM) proposes to adopt the regulation described below after consideration of all comments, objections, and recommendations regarding the proposed action. With this rulemaking, the Department will propose a permanent regulation after the consideration of all comments, objections, and recommendations.

**WRITTEN COMMENT PERIOD AND
PUBLIC COMMENT HEARINGS**

Any person or their authorized representative may submit written statements, arguments, or comments relevant to the proposed regulatory action to the Department. Comments may be submitted by email to calgemregulations@conservation.ca.gov or by mail to:

Department of Conservation
715 P Street, MS 19–07
Sacramento, CA 95814
Attention: Well Stimulation Permitting Phase–Out

The written comment period closes at 11:59 p.m. on March 27, 2024. The Department will consider only comments received at the Department’s offices by that time.

Public Hearing

Any interested person or their authorized representative may present comments regarding the proposed action, either orally or in writing, at the public hearing to be held virtually on zoom on **March 26, 2024 at 5:30 p.m.**

Register for the public hearing on zoom:

[https://us06web.zoom.us/webinar/register/
WN_9zermeFDRJGhIzLJpLZrAA](https://us06web.zoom.us/webinar/register/WN_9zermeFDRJGhIzLJpLZrAA)

Or join by telephone:

US Toll (404) 443–6397
US Toll Free (877) 336–1831
Conference Code: 148676

Services such as translation between English and other languages may be provided upon request. To ensure availability of these services, please make your request no later than ten working days prior to the hearing by calling the staff person referenced in this notice.

Servicios como traducción de inglés a otros idiomas pueden hacerse disponibles si usted los pide en avance. Para asegurar la disponibilidad de estos servicios, por favor haga su petición al mínimo de diez días laborables antes de la reunión, llamando a la persona del personal mencionada en este aviso.

AUTHORITY AND REFERENCE

The Department is considering making changes to Article 4, Subchapter 2 of Chapter 4 of Division 2 of Title 14 of the California Code of Regulations as follows: amend section 1780.

Public Resources Code sections 3013 and 3160 authorize the Department to amend the regulation as proposed. The proposed regulation will implement, interpret, make specific, or reference sections 3106, 3011, and 3160 of the Public Resources Code.

**INFORMATIVE DIGEST/
POLICY STATEMENT**

Existing Law

CalGEM supervises the drilling, operation, maintenance, and plugging and abandonment of onshore and offshore oil, gas, and geothermal wells. CalGEM carries out its regulatory authority under a legislative mandate to encourage the wise development of oil and gas resources, while preventing damage to life, health, property, and natural resources, including underground and surface waters suitable for domestic or irrigation purposes. (Public Resources Code, § 3106.) CalGEM’s duties include the protection of public health and safety and environmental quality, including reduction and mitigation of greenhouse gas emissions associated with the development of hydrocarbon resources. (Public Resources Code, § 3011.)

On September 20, 2013, Governor Brown signed into law Senate Bill 4 (Pavley, Chapter 313, Statutes of 2013) (SB 4). In the context of widespread public concern about hydraulic fracturing and other well stimulation treatment (WST) practices employed to facilitate oil and gas production, SB 4 imposed a wide range of new standards and requirements applicable to WST operations, including the requirement for a discretionary permit from CalGEM prior to conducting WST. (See Public Resources Code, § 3160, subdivision

(d.) As required in Public Resources Code section 3160, CalGEM completed a rulemaking to establish an extensive regulatory framework for WST. The WST regulations are in California Code of Regulations, title 14, division 2, chapter 4, subchapter 2, article 4 (Sections 1751, 1761, 1780–1789).

Section Affected

CalGEM proposes an amendment to California Code of Regulations, title 14, section 1780 to add a new subsection (d) to phase out permits to conduct well stimulation treatments (WST).

Consistency with Comparable Federal Regulation or Statute

The U.S. Safe Drinking Water Act (SDWA) mandates the protection of underground sources of drinking water (USDW) from endangerment related to underground injection activities (42 U.S.C. § 1421(b)(1)). The Underground Injection Control (UIC) Program requirements promulgated under SDWA authority and codified at 40 C.F.R. Parts 124 and 144 through 148 create a regulatory framework to ensure protection of current and future USDWs from endangerment. Underground injection of fluids through wells is subject to the requirements of the SDWA except where specifically excluded by the statute.

In the 2005 Energy Policy Act, Congress revised the SDWA definition of “underground injection” to specifically exclude from UIC regulation the “underground injection of fluids or propping agents (other than diesel fuels) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities.” (42 U.S.C. § 1421(d)(1)(B).) UIC regulations further provide that “[a]ny underground injection, except into a well authorized by rule or except as authorized by permit issued under the UIC program, is prohibited.” (40 C.F.R. § 144.11.)

The general exclusion of hydraulic fracturing from the SDWA in no way precludes the state from regulating hydraulic fracturing or any other form of WST. To the extent that the SDWA does apply, the proposed regulation is consistent with the federal law and will effectively prevent WST from endangering underground sources of drinking water.

Objectives and Benefits of the Proposed Amended Regulation

The proposed amendment would cease issuance of WST permits for oil and gas wells in California. This policy will serve the purposes of helping to prevent damage as far as possible to life, health, property, and natural resources, and protecting public health and safety, including the reduction and mitigation of greenhouse gas emissions associated with the development of hydrocarbon resources, consistent with legislative directives found in Public Resources Code sections 3011 and 3106.

Consistency with Existing State Regulations

CalGEM has determined that the proposed regulation is not inconsistent or incompatible with existing state regulations as it is an integrated complement to the SB 4 regulations rather than a competing rule. CalGEM is the only state agency with regulations specific to WSTs associated with oil and gas production. To the extent other state agencies may enforce health, safety, or environmental protection standards that could apply to WSTs because they are regulations of general application affecting a wider range of industrial activities, those regulations are not expected to be inconsistent or incompatible with the regulation proposed here.

PLAIN ENGLISH REQUIREMENT

Department staff prepared the proposed regulation pursuant to the standard of clarity provided in Government Code section 11349 and the plain English requirements of Government Code sections 11342.580 and 11346.2, subdivision (a)(1). The proposed regulation is written to be easily understood, to the extent possible given the technical subject matter, by the persons that will use it.

LOCAL MANDATE

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

COST OR SAVINGS TO STATE AGENCIES

Total savings to state agencies as a result of the WST permitting phase-out is anticipated to equal between \$11.6 million and \$12.3 million per year beginning year 3 after the regulation becomes effective and during each following year that WST would have been permitted but is not. Assuming a 2024 effective date, Year 1 would not result in any savings because permits are still being processed until the prohibition of new permits begins. In Year 2, CalGEM and the State Water Resources Control Board would begin to reduce their staff, while the California Air Resources Board (CARB) will wait to reduce staffing until Year 3.

- CalGEM anticipates a reduction in needed positions equal to between \$9.7 million and \$10.4 Million (56 positions).
- CARB anticipates that their existing 6 positions will be needed for the first year that permits are not issued (Year 2), but they will only need 2 positions going forward (Year 3+) for a savings of \$759,000 per year.
- State Water Resources Control Board estimates that 5 positions, with average operating expense of approximately \$1.1 million, will no longer be needed.

COST OR SAVINGS TO LOCAL AGENCIES

This proposed action does not impose costs on any local agency or school district for which reimbursement would be required pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code. This proposal does not impose other non-discretionary costs or savings on local agencies.

COST OR SAVINGS IN FEDERAL FUNDING

The proposed action does not affect federal funding to the state.

EFFECT ON HOUSING COSTS

The proposed action will not have a significant effect on housing costs.

IMPACT ON BUSINESS

The proposed regulation will affect owners and operators of oil and gas wells who would have been likely to apply for WST permits on their wells in the future absent the prohibition. The regulation will also affect mineral rights owners who might have received some additional economic benefit absent the prohibition. There would be no reporting, recordkeeping, or compliance requirements as a result of the proposed regulation

**SIGNIFICANT ADVERSE
ECONOMIC EFFECT**

CalGEM made an initial determination that adoption of this regulation may have a significant, state-wide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. CalGEM has considered proposed alternatives that would lessen any adverse economic impact on business and is inviting the public to submit additional proposals. Submissions may include the following considerations:

- The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to businesses.
- Consolidation or simplification of compliance and reporting requirements for businesses.
- The use of performance standards rather than prescriptive standards.
- Exemption or partial exemption from the regulatory requirements for businesses.

**RESULTS OF THE STANDARDIZED
REGULATORY IMPACT ASSESSMENT**

CalGEM has determined that this rulemaking action is a major regulation and has completed a Standardized Regulatory Impact Assessment (SRIA) for this rulemaking, which has been provided to the Department of Finance (DOF) for review and comment. The SRIA, DOF’s comments on the SRIA, and CalGEM’s response to DOF’s comments are attached to the Initial Statement of Reasons for this rulemaking action. DOF’s comments on the SRIA and CalGEM’s responses are also provided below under SUMMARY OF DEPARTMENT OF FINANCE COMMENTS ON THE STANDARDIZED REGULATORY IMPACT ASSESSMENT AND CALGEM’S RESPONSES.

The SRIA found that the proposed regulation will have a significant impact on business-as-usual economic activity in the state’s oil and gas sector, and this translates into net losses for established business in and closely allied to WST activities in the sector. The proposed regulation will also have a net impact on the state’s overall economy, reducing average annual real Gross State Product (GSP) relative to the baseline reference by about \$2 billion per year (0.04% of baseline GSP) over the period 2024–2033. The impact on the state’s overall economy is overwhelmed by baseline aggregate growth, and the state economy and the sector itself will otherwise continue the robust average growth it has enjoyed for two generations. For these reasons, the Division has made the following determinations:

- The proposed regulation will affect the elimination of jobs within the State of California.
- The proposed regulation may affect the creation of new business or the elimination of existing businesses within the State of California.
- The proposed regulation may affect the contraction of businesses currently doing business in the State of California.
- The proposed regulation may affect the ability of businesses within California to compete with businesses in other states.
- The proposed regulation is unlikely to affect the competitive advantages or disadvantages for businesses doing business in the State of California.
- The proposed regulation will likely affect the increase or decrease of investment in the State of California.
- The proposed regulation may affect incentives for innovation in products, materials, or processes.

Further, CalGEM has determined that the proposed regulation will result in nonmonetary benefits such as protection of public health and safety, environmental

safety, and transparency in government and business. Specifically, the benefits are as follows:

- Public health benefits from reduced pollution exposure
- Avoided worker injuries
- Reduced water use
- Reduction in damage to soil and water from WST related contaminants
- Reduced burden on low-income and disadvantaged communities
- Reduction in damage to wildlife habitat
- Reduction in the volume of high carbon intensity crude produced
- Reduction in impacts to disproportionately vulnerable populations
- Public health benefits of reduced anxiety and fear associated with public concern around WST

COST IMPACTS ON A REPRESENTATIVE PRIVATE PERSON OR BUSINESS

Any direct costs to operators of oil and gas wells and mineral owners would come in the form of lost profits. This foregone revenue represents the future oil and gas production that would have been derived from WST-facilitated production in the absence of the regulation. In total, the proposed WST phase-out is estimated to result in 1,442 fewer oil wells being drilled over the period of 2024–2033. The decline in production leads to associated declines in revenue, which are estimated at \$23,599,412 in the first year, and increasing every year thereafter as more and more wells go undrilled and unstimulated.

The specific impact on an individual operator will depend on whether that operator would have been likely to apply for and be permitted to use WST in their future operations and would include any decline in their production associated with decisions to forgo new wells or treatment of existing wells due to the prohibition on WST. Many in-state oil and gas firms have at least some wells with a history of WST in their operational portfolio, including the current top producing firms. Almost all WST application in California occurs at onshore wells in the San Joaquin Basin. Only a small portion of WST carried out in the state has occurred at offshore wells or in other parts of the state.

Over the past decade twelve different operators have completed WSTs across four counties. However, the vast majority of treatments have been carried out in Kern County and most at wells in one of three fields (Belridge North, Belridge South, or Lost Hills). While Kings, Orange, and Ventura Counties each have 1–3 wells that have received WST permits, Kern County

has more than 2,200 of these wells between 2014 and 2021. In total, since late 2016, when CalGEM started issuing WST permits, 710 wells were treated. During the same time period, CalGEM denied 166 WST permit applications. WST induced production represented about 15–20% of total oil and gas production in California over the past 5 years.

For 2020, the most recent year with available data, CalGEM estimates that 12.1% of total oil and 16.6% of total gas in California came from wells that have received WST at any time in the past. Wells that have received WST pursuant to permits issued by CalGEM under SB 4 and the associated regulations (i.e. after 2015) accounted for only 2% of total state production in 2020. CalGEM experts and third-party assessors concur that these regional patterns would be likely to continue absent the proposed permitting phase out regulation.

SUMMARY OF DEPARTMENT OF FINANCE COMMENTS ON THE STANDARDIZED REGULATORY IMPACT ASSESSMENT AND CALGEM’S RESPONSES

The Department of Finance (DOF) generally concurred with CalGEM’s SRIA for the proposed regulations and found that it meets the requirements for the SRIA but added one critique of the analysis as presented in the document. DOF’s comments on the SRIA and CalGEM’s response are summarized as follows:

While the SRIA includes a comprehensive discussion of the regulation’s impact on Kern County property tax revenue, it must include a dollar estimate of the revenue impact. In this case, multiplying the quoted \$197 million figure for the county’s property taxes by the estimated 10 percent upper bound for the reduction in property value would produce an annual impact of about \$20 million.

CalGEM generally concurs with DOF’s calculation. However, it is important to point out that this is a very conservative (i.e., high) estimate of the impact on tax revenue based on macroeconomic modeling. As noted, in the SRIA, property taxes in fiscal year 2018–19 from oil and gas facilities represented some \$197 million, 7.4% of all Kern County tax revenue. Regulations pertaining to the valuation of oil and gas properties allow for taxable amounts to be reassessed over time in response to “changes in the expectation of future production capabilities.” (See Cal. Code Regs., title 18, § 468.) Thus, Kern County’s tax revenues are influenced by changes in both the valuation of existing oil and gas operations and the establishment and valuation of new operations in the future. Macroeconomic modeling suggests that existing production assets in Kern County are likely to lose less than 10% of their

current value, with a property tax revenue decline of less than 1% of total county tax revenue annually. Ten percent represents the upper bound of possible property tax impacts associated with oil and gas operations. This proposed regulation impacts the limited number of oil operators who use this technology. The dollar figure produced using 10% of annual revenue of \$19.7 million is therefore a high, conservative estimate, and the actual property tax impacts are likely to be substantially less.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), CalGEM must determine that no reasonable alternative it considered, or that was otherwise identified and brought to the Department’s 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, or would be more cost-effective to affected persons and equally effective in implementing the statutory policy or other provision of law.

The SRIA for the proposed regulation evaluates alternatives to the proposals. No alternative considered by CalGEM would be more effective in carrying out the purposes of the proposed regulation or would be equally effective but less burdensome to affected private persons and small businesses than the proposed regulation. The proposed regulation will further the statutory mandates and regulatory goals for the protection of health, safety and the environment.

Nevertheless, CalGEM invites interested persons to submit comments regarding alternatives to the proposed regulation during the written comment period, or to present any such comments regarding alternatives, either orally or in writing, at the hearing scheduled to receive comments relevant to the proposed action.

SMALL BUSINESS DETERMINATION

Oil and gas production operations generally are not among the types of business activities categorized as a “small business” under the statutory definition applicable to this rulemaking determination. (See Government Code, § 11342.610; Cal. Code Regs., title 1, § 4.) That said, in terms of oil and gas operators themselves, most of the WST–facilitated production in California is carried out by relatively large, economically robust firms. While some WST activity has been carried out by smaller, more marginal firms, such firms are not representative of the operator community that typically employs WST.

Firms that provide specialized WST services to oil and gas production operators must overcome hurdles of large capital expense and technical expertise that act as a barrier to any business with gross receipts and employee numbers low enough to meet the applicable statutory definition of “small business.”

Some impacts to small businesses other than the regulated community of oil and gas operators or firms engaged in providing specific WST services may arise in spatial proximity to wells where stimulation would have otherwise occurred. These businesses may have no formal relation to oil and gas operations and are instead composed of the goods and service vendors (e.g., retail, restaurants) whose clientele happen to include oil and gas industry workers. Relative to the baseline case of WST as it is presently permitted, these businesses may see reduced patronage if oil and gas firms engage in less robust local operations that call for fewer employees in the area. Additionally, small businesses in general may be disproportionately affected by changes in fuel and other energy product costs — though, as discussed in the SRIA, price effects stemming from the proposed regulation should be modest.

CONTACT INFORMATION

Inquiries concerning the proposed action may be directed to CalGEMRegulations@conservation.ca.gov or by mail to:

Department of Conservation
715 P Street, MS 1907
Sacramento, CA 95814
Phone: (916) 322–3080
Attention: WST Permitting Phase Out

Primary Contact

Chris Hansen
Regulations Manager
christine.hansen@conservation.ca.gov
(916) 694–7577

Secondary Contact

Katherine Litzky
Assistant Director of the Office of Legislative and
Regulatory Affairs
katherine.litzky@conservation.ca.gov
(916) 201–1084

Please direct requests for copies of the text of the proposed regulation, the initial statement of reasons, or other information upon which this rulemaking is based to the Department at the above address.

AVAILABILITY OF RULEMAKING FILE

The Department has prepared an initial statement of reasons for the proposed action, has available all the information upon which its proposal is based, and the express terms of the proposed action. The Department will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this Notice is published in the Notice Register, the rulemaking file consists of this Notice, the proposed text of the regulation, the initial statement of reasons, the documents relied upon, the standardized regulatory impact assessment, and a standard form 399.

Copies of these documents may be obtained by contacting the Department at the address and phone number listed above.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After the written comment period and any hearing(s) that may be conducted by the Department to receive comments regarding the proposed regulation, the Department will consider all timely and relevant comments received. Thereafter, the Department may adopt the proposed regulation in substantially the same form as described in this notice.

If the Department makes any modification to the text of the proposed regulation that is substantial but still sufficiently related to the original proposed text as described in this Notice, the Department will make the modified text (with changes clearly indicated) available to the public for at least 15 days before adopting the proposed regulations as modified. The Department will accept written comments regarding modified regulations for 15 days after the date upon which they are made available to the public. Please send requests for copies of any modified regulations to the Department at the address indicated above.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon completion, copies of the Final Statement of Reasons may be obtained by contacting the Department at the above address.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulation in underline and strikeout can be accessed through the Department's website at: <https://www.conservation.ca.gov/calgem/Pages/Oil,-Gas,-and-Geothermal-Rulemaking-and-Laws.aspx>.

[ca.gov/calgem/Pages/Oil,-Gas,-and-Geothermal-Rulemaking-and-Laws.aspx](https://www.conservation.ca.gov/calgem/Pages/Oil,-Gas,-and-Geothermal-Rulemaking-and-Laws.aspx).

If you have any questions regarding the process for this proposed action, please contact the Department using the contact information provided above.

GENERAL PUBLIC INTEREST

DEPARTMENT OF FISH AND WILDLIFE

FISH AND GAME CODE SECTION 1653
 CONSISTENCY DETERMINATION
 REQUEST FOR
 SISSON MEADOWS WETLAND AND
 POLLINATOR PROJECT
 (TRACKING NUMBER:
 1653-2024-131-001-R1)
 SISKIYOU COUNTY

California Department of Fish and Wildlife (CDFW) received a Request to Approve on 1/24/2024, that the U.S. Fish and Wildlife Service (Service) proposes to carry out a habitat restoration or enhancement project pursuant to Fish and Game Code section 1653. The proposed project involves building 36/38 willow weave structures in an unnamed creek in Sisson Meadow to restore wet meadow hydrology. The proposed project will be carried out on an unnamed creek, located in Mount Shasta, Siskiyou County, California.

On 12/11/2023, the Central Valley Regional Water Quality Control Board (Regional Water Board) received a Notice of Intent (NOI) to comply with the terms of, and obtain coverage under, the General 401 Water Quality Certification Order for Small Habitat Restoration Projects (General 401 Order) for the Sisson Meadows Wetland and Pollinator Project. The Regional Water Board determined that the Project, as described in the NOI, was categorically exempt from California Environmental Quality Act (CEQA) review (section 15333 — Small Habitat Restoration Projects) and met the eligibility requirements for coverage under the General 401 Order. The Regional Water Board issued a Notice of Applicability (WDID Number 5A47CR00063) for coverage under the General 401 Order on 1/23/2024.

The Service is requesting a determination that the project and associated documents are complete pursuant to Fish and Game Code section 1653 subdivision (d). If CDFW determines the project is complete, the Service will not be required to obtain an incidental take permit under Fish and Game Code section 2081 subdivision (b) or a Lake or Streambed Alteration

Agreement under Fish and Game Code section 1605 for the proposed project.

In accordance with Fish and Game Code section 1653 subdivision (e), if CDFW determines during the review, based on substantial evidence, that the request is not complete, the Service will have the opportunity to submit under Fish and Game Code section 1652.

PETITION DECISION

EMERGENCY MEDICAL SERVICES AUTHORITY

January 23, 2024

Via Email Correspondence Only to:
mbaker@softlights.org

Mark Baker, President
Soft Lights Foundation
9450 SW Gemini Drive PMB 44671
Beaverton, OR 97008

Re: Petition for Rulemaking to Regulate Sirens and Flashing Lights Submitted by Soft Lights Foundation on December 30, 2023

Dear Mr. Baker:

This is the Emergency Medical Services Authority’s (EMSA) response to your Petition for Rulemaking to Regulate Sirens and Flashing Lights (Petition) submitted to EMSA pursuant to California Government Code Section 11340.7. The relief sought in your Petition is that EMSA adopt new Chapter 15 of Title 22 of the California Code of Regulations which would place limits on sirens and lights on emergency vehicles. A copy of the Petition, in full, is appended to this correspondence as Attachment A.

Pursuant to California Government Code Section 11340.6(a), a petition for the adoption, amendment, or repeal of a regulation, such as in the Petition, must state all of the following clearly and concisely:

- (a) The substance or nature of the regulation, amendment, or repeal requested.
- (b) The reason for the request.
- (c) The reference to the authority of the state agency to take the action requested.

After careful review, EMSA hereby denies your Petition on the ground that it does not reference EMSA’s authority to take the regulatory action requested. Specifically, the Petition fails to specify or identify any statute that would provide the authority of EMSA to regulate functional or operational aspects of emergency vehicles and the safety features thereon, including lights and sirens.

The authority of EMSA to act and to regulate is specified in the Emergency Medical Services System

and the Prehospital Emergency Medical Care Personnel Act (the “Act”) (Government Code Section 1797, et seq.). The Act authorizes EMSA to regulate the statewide emergency medical services and prehospital care personnel in the State of California. The Act does not provide authority to EMSA to regulate the functional or operational aspects of the vehicles in which emergency care is provided by emergency prehospital care personnel.

California law that regulates lights and horns and sirens are found in the California Vehicle Code. Specifically, laws regarding vehicle lighting can be found in Chapter 2 of Division 12 of the Vehicle Code, starting at Section 24000. Laws regarding horns, sirens and amplification devices can be found in Article I of Chapter 3 of Division 12 of the Vehicle Code, starting at section 27000. The authority to implement regulations regarding these vehicle devices rests with the California Highway Patrol [Vehicle Code Sections 24000, 26103]. Regulations regarding lights and sirens are found in Chapters 2, 4, and 5 of Chapter 2 of Division 2 of Title 13 of the California Code of Regulations.

The Commissioner of the California Highway Patrol (CHP) is authorized to adopt and enforce reasonable regulations as deemed necessary for the public health and safety regarding the operation, equipment, and certification of all drivers of ambulances used for emergency services. [Vehicle Code Section 2512.] In fact, the CHP has issued regulations regarding Ambulances. See generally Title 13, California Code of Regulations, Division 2, Chapter 5, Article 1 (commencing at Section 1100).

In summary, EMSA is authorized to issue regulations concerning the system of emergency prehospital care and the prehospital personnel who provide that care. The CHP is authorized to issue regulations concerning the vehicles in which the providers of emergency prehospital care provide those services.

For the reasons set forth above, the Petition is denied. However, EMSA offers you an alternative approach to pursue the regulatory actions that you seek. The CHP is the appropriate entity in California to whom you should submit your petition.

Sincerely,

/s/

Elizabeth Basnett, Director
Emergency Medical Services Authority

Enclosures

cc: Office of Administrative Law
300 Capitol Mall, Suite 1250
Sacramento, CA 95814

AVAILABILITY OF INDEX OF PRECEDENTIAL DECISIONS

DEPARTMENT OF SOCIAL SERVICES

NOTICE OF AVAILABILITY OF PRECEDENTIAL DECISIONS INDEX

Notice is hereby given that the California Department of Social Services (CDSS) maintains an index of cases CDSS has designated as precedential decisions. The index is available on the Internet at <http://www.cdss.ca.gov/inforesources/Community-Care-Licensing/Decisions-Relied-Upon-as-Precedent>.

This notice is published pursuant to California Government Code section 11425.60, subdivision (c).

SUMMARY OF REGULATORY ACTIONS

REGULATIONS FILED WITH THE 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.

Delta Stewardship Council

File # 2023-1214-01

Administrative Procedures Governing Appeals

This action by the Delta Stewardship Council (“Council”) adopts Article 5 (commencing with Section 5020) of Chapter 2 of Division 6 of Title 23 of the California Code of Regulations (“CCR”) as administrative procedures governing appeals of certifications of consistency (“appeal procedures”). This filing is exempt from Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code (“APA”) pursuant to Water Code section 85225.30 and is not subject to review by the Office of Administrative Law (“OAL”).

Title 23

Adopt: 5020, 5021, 5022, 5023, 5024, 5025, 5026, 5027, 5028, 5029, 5030, 5031, 5032, 5033, 5034, 5035

Amend: 5001

Filed 01/24/2024

Effective 01/24/2024

Agency Contact: Eva Bush (916) 284-1619

Office of Energy Infrastructure Safety

File # 2023-1222-05

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 only.

Title 02

Adopt: 59910

Filed 01/24/2024

Effective 02/23/2024

Agency Contact: Megan Nevin (209) 429-7390

Board of Psychology

File # 2023-1211-01

Psychologist and Registered Psychological Associate Fees

This action without regulatory effect updates various application, exam, and license fees.

Title 16

Amend: 1392, 1392.1

Filed 01/25/2024

Agency Contact: Evan Gage (916) 574-8116

Commission on Peace Officer Standards and Training

File # 2023-1212-01

Amend Training and Testing Specifications — LD 10, LD 22, and LD 28

This action by the Commission on Peace Officer Standards and Training amends training and testing specifications for Learning Domains 10, 22, and 28, which are incorporated by reference, to reorder regulatory provisions and revise terminology as changes with regulatory effect.

Title 11

Amend: 1005, 1007, 1008, 1059

Filed 01/25/2024

Agency Contact: Brandon Kiely (916) 227-5426

Commission on Peace Officer Standards and Training

File # 2024-0111-03

Regulation 1005 & 1008 — Section 100

This amendment without regulatory effect conforms the revision date of two forms (Regular Basic Course Waiver Application, POST 2-267, and Specialized

Investigators’ Basic Course Waiver Application, POST 2–353) to the effective date of the approval of the rulemaking action that most recently amended these forms.

Title 11
Amend: 1005
Filed 01/24/2024
Agency Contact: Katelynn Poulos (916) 227–4894

Commission on Peace Officer Standards and Training
File # 2023–1219–02
Peace Officer Certificates

This action implements reforms under SB 2 (2021), amending regulations to provide for additional peace officer hiring eligibility and certification requirements and to provide additional standards for the Commission on Peace Officer Standards and Training to act against those certifications.

Title 11
Amend: 1202
Filed 01/31/2024
Effective 01/31/2024
Agency Contact: Michelle Weiler (916) 227–4870

Office of the State Fire Marshal
File # 2023–1215–03
Fire Hazard Severity Zones

This action by the Office of the State Fire Marshal (“Office”) relocates regulations currently located in Article 1 (commencing with Section 1280.00) of Subchapter 3.5 of Chapter 7 of Division 1.5 of Title 14 of the California Code of Regulations (“CCR”) to Chapter 17 (commencing with Section 1280.00) of Title 19 of the California Code of Regulations. This action also revises the “State Responsibility Area Fire Hazard Severity Zones” maps, previously incorporated by reference within the regulation text of Section 1280.01 of Title 14 of the CCR.

Title 14, 19
Adopt: 2200, 2201
Repeal: 1280.1
Filed 01/31/2024
Effective 04/01/2024
Agency Contact: Jamie Sammut (916) 594–6192

Commission on Teacher Credentialing
File # 2023–1213–01
Bilingual Authorization

In this resubmitted rulemaking action, the Commission amends its regulations to update the Bilingual Authorization Program Standards. It deletes the document incorporated by reference entitled, Standards of Quality and Effectiveness for Programs Leading to Bilingual Authorization (Rev. 1/2013), and

adopts the updated standards in new sections 80615, 80615.1, 80615.2, 80615.3, and 80615.4.

Title 05
Adopt: 80615, 80615.1, 80615.2, 80615.3, 80615.4
Amend: 80033
Filed 01/29/2024
Effective 01/29/2024
Agency Contact: Lynette Roby (916) 324–3228

Department of Corrections and Rehabilitation
File # 2023–1215–05
Condemned Inmate Transfer Program

In this rulemaking action, the California Department of Corrections and Rehabilitation (CDCR) promulgates regulations which allow CDCR to transfer condemned inmates from San Quentin to other correctional facilities commensurate with the condemned inmate’s classification score. CDCR also promulgates regulations regarding deductions from condemned inmates’ income and the transfer of those deductions to the California Victim Compensation Board. Finally, CDCR amends regulations which discuss how security threat group assessment applies to condemned inmates.

Title 15
Amend: 3023, 3075, 3097, 3122, 3161, 3375, 3375.2, 3375.3, 3375.4, 3375.5, 3376.1, 3377.2
Filed 01/31/2024
Effective 01/31/2024
Agency Contact: Josh Jugum (916) 445–2266

**PRIOR REGULATORY
DECISIONS AND CCR
CHANGES FILED WITH THE
SECRETARY OF STATE**

A quarterly index of regulatory decisions by the Office of Administrative Law (OAL) is provided in the California Regulatory Notice Register in the volume published by the second Friday in January, April, July, and October following the end of the preceding quarter. For additional information on actions taken by OAL, please visit oal.ca.gov.