An act to amend Sections 22152, 22157, 22161, 22168, 22169, 22700, 22701, 22704, 22705, 22707, 22707.5, 22710, 22711, 22712, 22714, and 22757 of, and to add Sections 22009.5, 22010.5, 22010.6, 22113, 22114, 22173, 22174, 22175, and 22176 to, the Financial Code, relating to financial regulations.

LEGISLATIVE COUNSEL’S DIGEST

(1) The California Finance Lenders Law provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight and makes a willful violation of its provisions a crime. Existing law regulates the charges a licensee may impose or receive on loans it makes.

This bill would expand the application of that law to include finders, and would prohibit a person from engaging in business as a finder, defined to include any person who helps bring a prospective borrower and finance lender together regarding certain loan activities, without first registering with the commissioner. The bill would require the commissioner to establish timelines and fees for finder registration and renewals, and would mandate that specified minimum information be required for applicants seeking registration, including the name, business address, and licensing details of the finder and his or her employees who are responsible for that finder's activities, and a list of activities the finder would perform on behalf of lenders. The bill would authorize the commissioner to order the suspension or revocation of a finder's
registration upon failure to pay a required fee or assessment by the
specified due date and would prohibit a finder from engaging in specific
activities, including counseling or providing advice to a borrower, and
would also prohibit a finder, during any period when its registration is
revoked or suspended, from conducting any business unless permitted
by the commissioner.

The bill would authorize a licensee to compensate a registered finder
for that finder’s activities, subject to various requirements, including
entering into a written agreement clearly describing the services to be
performed, and complying with the applicable statutory provisions
governing those transactions. The bill would further require finders to
provide specified disclosure information to consumers about the nature
of the finder’s business as an independent loan
matching/referral/comparison service registered with the Department
of Business Oversight.

(2) Existing law prohibits a person from making a materially false
or misleading statement or representation about the terms or conditions
of a borrower’s loan, when making or brokering that loan.

This bill additionally would prohibit a person from making a
materially false or misleading statement or representation to a
prospective borrower about the terms or conditions of a loan for which
the prospective borrower may qualify, when engaging in finding
activities on behalf of a licensee subject to that division. The bill also
would make related and conforming changes, including authorizing the
commissioner to take various enforcement actions upon finding that a
finder has violated the act. By expanding the definition of a crime, the
bill would impose a state-mandated local program.

Existing law requires finance lenders, brokers, and mortgage loan
originator licensees to preserve their books, accounts, and records for
at least 3 years after making the final entry on any loan recorded in
those documents.

This bill also would require finance lenders that utilize the services
of a finder to maintain their records of dealings with that finder for at
least 3 years and would require finders to maintain records related to
finding activities on behalf of lenders for at least 3 years following the
creation of those documents.

The California Constitution requires the state to reimburse local
agencies and school districts for certain costs mandated by the state.
Statutory provisions establish procedures for making that reimbursement.
SECTION 1. Section 22009.5 is added to the Financial Code, to read:

22009.5. “Finance broker” means any person who brings a prospective borrower and a finance lender together, and who is engaged in the business of performing one or both of the following activities:

1. Negotiating the price, length, or any other loan term between a licensee and a prospective borrower that may be applicable to the borrower.
2. Advising a prospective borrower as to any loan term. Providing financial education or information of a general nature to a prospective borrower shall not be considered advising.

SEC. 2. Section 22010.5 is added to the Financial Code, to read:

22010.5. “Finder” means any person who helps facilitate a loan subject to this division by performing one or more of the following activities:

a. Collecting nonpublic personal identification information, such as social security number, tax identification number, bank account number, bank routing number, or other nonpublic personal identification information, from prospective borrowers in anticipation of selling or submitting the information to one or more finance lenders.

b. Introducing or matching prospective borrowers and prospective lenders after comparing prospective borrowers’ attributes with prospective lenders’ underwriting requirements.

c. Offering to the public a means through which the finder compiles and publishes comparison information on various loans offered by finance lenders, including services that allow consumers to contact finance lenders through links on the finder’s Internet Web site or comparable technological means.

d. Delivering disclosures to borrowers or prospective borrowers that are required pursuant to this division.
(e) Providing written factual information about loan terms, conditions, or qualification requirements to a prospective borrower that has been either prepared by a finance lender or reviewed and approved in writing by that lender. A finder may discuss that information with a prospective borrower in general terms, but may not provide counseling or advice to a prospective borrower.

(f) Notifying a prospective borrower of the information needed to complete an application for a loan subject to this division, without providing counseling or advice to a prospective borrower.

(g) Contacting a finance lender on behalf of a prospective borrower to determine the status of a prospective borrower’s loan application.

(h) Communicating a response that is returned by a finance lender’s automated underwriting system to a borrower or a prospective borrower.

(i) Obtaining a borrower’s signature on documents prepared by a finance lender and delivering final copies of the documents to the borrower.

SEC. 3. Section 22010.6 is added to the Financial Code, to read:

22010.6. The following shall not be deemed to be finance brokers or finders and may engage in the activities specified below in connection with loans subject to this division, without the requirement for licensure or regulation:

(a) A person who is not engaged in the business of a broker or a finder, and whose activities in connection with the referral of loans subject to this division are performed on no more than an occasional basis, not to exceed five times in any calendar year.

(b) A person who disseminates, places, posts, or distributes advertising or promotional information or materials pertaining to loans on behalf of licensees and does not engage in the activities of a broker or a finder.

(c) A person providing financial education or information of a general nature to a prospective borrower.

SEC. 4. Section 22113 is added to the Financial Code, to read:

22113. (a) No person may engage in the business of a finder without first registering as a finder with the commissioner.

(b) An application for registration as a finder under this division shall be in the form and contain the information the commissioner
may by rule or order require. The following information shall be required of applicants for registration, at a minimum:

(1) The name, business address, and licensing details, if applicable, of the finder and all physical locations and Internet Web site addresses from which the finder will engage in activities subject to this division.

(2) The name and contact information for an employee of the finder who is knowledgeable about, and has the authority to execute, the contract governing the business relationship between the finder and lenders subject to this division.

(3) The name and contact information for one or more employees of the finder who are responsible for that finder’s finding activities on behalf of lenders subject to this division.

(4) A list of the activities the finder will perform on behalf of lenders subject to this division.

(c) The commissioner shall, by rule, establish the timelines and fees applicable to applicants for original finder registrations and annual renewals.

(d) If a registered finder fails to pay a required fee or assessment by the due date specified by the commissioner, the commissioner may by order summarily suspend or revoke the finder’s registration. If, after an order is made, a request for hearing is filed in writing within 30 days, and a hearing is not held within 60 days thereafter, the order is deemed rescinded as of its effective date. During any period when its registration is revoked or suspended, a finder shall not conduct business pursuant to this division except as may be permitted by order of the commissioner. However, the revocation, suspension, or surrender of a registration shall not affect the powers of the commissioner as provided in this division.

SEC. 5. Section 22114 is added to the Financial Code, to read:

22114. (a) Upon reasonable notice and opportunity to be heard, the commissioner may deny an application for a registration as a finder for either of the following reasons:

(1) A false statement of a material fact has been made in the application.

(2) The commissioner has grounds to believe that approval is likely to result in harm to the public.

(b) An application for registration as a finder shall be considered withdrawn if the applicant fails to respond to a written notification
of a deficiency in the application within 90 days of the date of the notification.

(c) The commissioner shall, within 60 days from the filing of a full and complete application for a registration with the required fees, either issue a registration or file a statement of issues prepared in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 6. Section 22152 of the Financial Code is amended to read:

22152. (a) A finance lender or broker licensee shall maintain only one place of business under a duplicate or original license issued pursuant to Section 22101 or 22102. The commissioner may issue more than one license to the same licensee upon compliance with all the provisions of this division governing an original issuance of a license.

(b) The location at which a registered finder engages in finding activities on behalf of a finance lender or broker licensee shall not be considered a place of business of the licensee.

SEC. 7. Section 22157 of the Financial Code is amended to read:

22157. (a) Finance lender, broker, and mortgage loan originator licensees shall preserve their books, accounts, and records, including cards used in the card system, if any, for at least three years after making the final entry on any loan recorded therein.

(b) Each finance lender that utilizes the services of a finder shall maintain records of its dealings with that finder, including agreements, contracts, books, accounts, and records, for at least three years following the creation of those documents.

(c) Each finder that is compensated by a lender licensed under this division shall maintain records related to its finding activities on behalf of lenders for at least three years following the creation of those documents.

SEC. 8. Section 22161 of the Financial Code is amended to read:

22161. No person subject to this division shall do any of the following:

(a) Make a materially false or misleading statement or representation to a borrower about the terms or conditions of that borrower’s loan, when making or brokering the loan.
(b) Make a materially false or misleading statement or representation to a prospective borrower about the terms or conditions of a loan for which the prospective borrower may qualify, when engaging in finding activities on behalf of a licensee subject to this division.

(c) Advertise, print, display, publish, distribute, or broadcast, or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast in any manner, any statement or representation with regard to the business subject to the provisions of this division, including the rates, terms, or conditions for making or negotiating loans, that is false, misleading, or deceptive, or that omits material information that is necessary to make the statements not false, misleading, or deceptive, or in the case of a licensee, that refers to the supervision of the business by the state or any department or official of the state.

(d) Commit an act in violation of Section 1695.13 of the Civil Code.

(e) Engage in any act in violation of Section 17200 of the Business and Professions Code.

(f) Knowingly misrepresent, circumvent, or conceal, through subterfuge or device, any material aspect or information regarding a transaction to which the person is a party.

(g) Commit an act that constitutes fraud or dishonest dealings.

SEC. 9. Section 22168 of the Financial Code is amended to read:

22168. (a) The commissioner may, after appropriate notice and opportunity for hearing, suspend for a period not to exceed 12 months or bar a person from any position of employment with a licensee or a registered finder if the commissioner finds that the person has willfully used or claimed without authority a designation or certification of special education, practice, or skill that the person has not attained, or willfully held out to the public a confusingly similar designation or certification for the purpose of misleading the public regarding his or her qualifications or experience.
(b) Within 15 days from the date of a notice of intention to issue an order pursuant to subdivision (a), the person may request a hearing under the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code). Upon receiving a request, the matter shall be set for hearing to commence within 30 days after receipt unless the person subject to this division consents to a later date. If no hearing is requested within 15 days after the mailing or service of the notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right to a hearing.

(c) Upon receipt of a notice of intention to issue an order pursuant to subdivision (a), the person who is the subject of the proposed order is immediately prohibited from engaging in any activities subject to licensure under this division.

(d) Persons suspended or barred under this section are prohibited from participating in any business activity of a licensed finance lender, broker, or mortgage loan originator or a registered finder, and from engaging in any business activity on the premises where a licensed finance lender, broker, or mortgage loan originator or a registered finder is conducting its business. This subdivision shall not be construed to prohibit suspended or barred persons from having their personal transactions processed by a licensed finance lender, broker, or mortgage loan originator.

SEC. 10. Section 22169 of the Financial Code is amended to read:

22169. (a) The commissioner may, after appropriate notice and opportunity for hearing, by order, censure or suspend for a period not exceeding 12 months, or bar from any position of employment, management, or control any finance lender, broker, mortgage loan originator, finder, or any other person, if the commissioner finds either of the following:

(1) That the censure, suspension, or bar is in the public interest and that the person has committed or caused a violation of this division or rule or order of the commissioner, which violation was either known or should have been known by the person committing or causing it or has caused material damage to the finance lender, broker, or mortgage loan originator, or finder, or to the public.

(2) That the person has been convicted of or pleaded nolo contendere to any crime, or has been held liable in any civil action
by final judgment, or any administrative judgment by any public
agency, if that crime or civil or administrative judgment involved
any offense involving dishonesty, fraud, or deceit, or any other
offense reasonably related to the qualifications, functions, or duties
of a person engaged in the business in accordance with the
provisions of this division.

(b) Within 15 days from the date of a notice of intention to issue
an order pursuant to subdivision (a), the person may request a
hearing under the Administrative Procedure Act (Chapter 4.5
(commencing with Section 11400) of Division 3 of Title 2 of the
Government Code). Upon receipt of a request, the matter shall be
set for hearing to commence within 30 days after such receipt
unless the person subject to this division consents to a later date.
If no hearing is requested within 15 days after the mailing or
service of such notice and none is ordered by the commissioner,
the failure to request a hearing shall constitute a waiver of the right
to a hearing.

(c) Upon receipt of a notice of intention to issue an order
pursuant to this section, the person who is the subject of the
proposed order is immediately prohibited from engaging in any
activities subject to licensure under the law.

(d) Persons suspended or barred under this section are prohibited
from participating in any business activity of a finance lender,
broker, or mortgage loan originator, or finder, and from engaging
in any business activity on the premises where a finance lender,
broker, or mortgage loan originator, or finder is
classified.

SEC. 11. Section 22173 is added to the Financial Code, to read:
22173. A licensee may compensate a registered finder for
engaging in finding activities, subject to all of the following
requirements:
(a) Each licensee wishing to engage the services of a finder shall
enter into a written agreement with that finder clearly describing
the services to be performed.
(b) Each agreement between a licensee and a finder shall include
provisions requiring the finder to do all of the following:
(1) Register with the commissioner in accordance with this
division.
(2) Comply with applicable provisions of this division and with rules promulgated and orders issued by the commissioner to implement those provisions.

(3) Retain and produce records of all transactions conducted with California residents on behalf of the licensee, as required by Section 22157.

(c) Each licensee shall exercise oversight over each of its finder’s compliance with the provisions of this division.

SEC. 12. Section 22174 is added to the Financial Code, to read:

22174. (a) At the time a finder receives an inquiry or application from a consumer for a loan subject to this division, the finder shall provide the following statement to the consumer in no smaller than 10-point type, or electronically in a form that allows the statement to be printed:

“[Name of finder] is an independent loan matching/referral/comparison service registered with the California Department of Business Oversight. [Name of finder] may be compensated by lenders in exchange for loan referrals, for featured placement of certain sponsored products and services, or for your clicking on certain links posted on an Internet Web site. You may receive separate communications from one or more lenders based on the information we have collected from you. If you have questions about the services we perform, you may contact us at [phone at which finder may be reached] or [email address at which finder may be reached]. If you wish to report a complaint about [Name of finder], you may contact the Department of Business Oversight at 866-275-2677, or file your complaint online at www.dbo.ca.gov.”

(b) At the time a lender licensed under this division approves an application for a loan subject to this division from a borrower who has been referred to it by one or more finders, the lender shall provide the following statement to the borrower in no smaller than 10-point type, or electronically in a form that allows that statement to be printed:

“[Name of licensed lender] has approved you for a loan based on information you provided to a third party working on our behalf. The details of the loan we are prepared to extend to you are
described in accompanying documents. We may compensate the 
third party from which we obtained your information for their 
deserves in referring you to us. If you have any questions about 
your loan, now or in the future, you should direct those questions 
to us by [insert at least two different ways in which a borrower 
may contact the lender]. If you wish to report a complaint regarding 
this loan transaction, you may contact the Department of Business 
Oversight at 866-275-2677, or file your complaint online at 
www.dbo.ca.gov.”

(c) If a loan applicant directs questions about a loan to a finder, 
which the loan the finder is not permitted to answer, the finder 
shall make a good faith effort to assist the applicant in making 
direct contact with the lender before the loan is consummated. 
This good faith effort shall, at a minimum, consist of assisting the 
applicant in communicating with the licensee as soon as reasonably 
practicable, which shall at a minimum include a two-way 
communication. For purposes of this section, “two-way 
communication” means telephone, electronic mail, or another form 
of communication that allows the applicant to communicate with 
the licensee.

SEC. 13. Section 22175 is added to the Financial Code, to read:
22175. (a) A finder shall comply with all laws, rules, and 
orders applicable to licensees under this division, which impose 
requirements regarding the duty to safeguard nonpublic personal 
financial information.
(b) Nonpublic personal financial information collected from a 
consumer by a finder in connection with a loan request or 
application may not be disclosed to or used by any third party, 
except where the finder provides that information to a lender 
licensed under this division pursuant to the express written or 
electronic consent from the consumer.

SEC. 14. Section 22176 is added to the Financial Code, to read:
22176. A finder may not engage in any of the following 
activities:
(a) Provide counseling or advice to a borrower or prospective 
borrower.
(b) Provide loan-related marketing materials that have not 
previously been approved by a lender licensed under this division 
to a borrower or a prospective borrower.
(c) Make a materially false or misleading statement or representation to a prospective borrower about the terms or conditions of a loan for which the prospective borrower may qualify, when engaging in finding activities on behalf of a licensee subject to this division.

(d) Use or disclose to any third party a prospective borrower’s nonpublic personal identification information without first obtaining the borrower’s consent.

SEC. 15. Section 22700 of the Financial Code is amended to read:

22700. (a) Finance lender and broker licenses and finder registrations issued under this division shall remain in effect until they are surrendered, revoked, or suspended.

(b) Mortgage loan originator licenses issued under this division shall be renewed annually upon the payment of an annual assessment, and if renewed by the licensee, shall remain in effect until they are surrendered, revoked, or suspended.

(c) Surrender of a license or registration becomes effective 30 days after receipt of an application to surrender the license or registration or within a shorter period of time that the commissioner may determine, unless a revocation or suspension proceeding is pending when the application is filed or a proceeding to revoke or suspend or to impose conditions upon the surrender is instituted within 30 days after the application is filed. If a proceeding is pending or instituted, surrender of a license or registration becomes effective at the time and upon the conditions that the commissioner determines.

SEC. 16. Section 22701 of the Financial Code is amended to read:

22701. For the purpose of discovering violations of this division or securing information required by him or her in the administration and enforcement of this division, the commissioner may at any time investigate the loans and business, and examine the books, accounts, records, and files used in the business, of every person engaged in the business of a finance-lender or lender, broker, or finder whether the person acts or claims to act as principal or agent, or under or without the authority of this division. For the purpose of examination, the commissioner and his or her representatives shall have free access to the offices and places of business, books,
accounts, papers, records, files, safes, and vaults of all these persons.

SEC. 17. Section 22704 of the Financial Code is amended to read:

22704. The power of investigation and examination by the commissioner is not terminated by the surrender, suspension, or revocation of any license or registration issued by him or her.

SEC. 18. Section 22705 of the Financial Code is amended to read:

22705. Whenever the commissioner deems it necessary for the general welfare of the public, he or she has continuous authority to exercise the powers set forth in this division whether or not an application for a license or registration has been filed with the commissioner, any license or registration has been issued, or if issued, has been surrendered, suspended, or revoked.

SEC. 19. Section 22707 of the Financial Code is amended to read:

22707. (a) The cost of each examination of a licensee, finder, or any other person subject to this division shall be paid to the commissioner by the licensee, finder, or person examined, and the commissioner may maintain an action for the recovery of the cost in any court of competent jurisdiction. In determining the cost of an examination, the commissioner may use the estimated average hourly cost for all persons performing examinations of licensees, finders, or other persons subject to this division for the fiscal year.

(b) For the purpose of this section only, no person other than a licensee or a finder shall be deemed to be a person subject to this division until the person is determined to be a person subject to this division by an administrative hearing in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code or by a judicial hearing in any court of competent jurisdiction.

SEC. 20. Section 22707.5 of the Financial Code is amended to read:

22707.5. (a) If, upon inspection, examination, or investigation, the commissioner has cause to believe that a licensee, finder, or other person is violating any provision of this division or any rule or order thereunder, the commissioner or his or her designee, may issue a citation to the licensee or person in writing,
describing with particularity the basis of the citation. Each citation may contain an order to correct the violation or violations identified and provide a reasonable time period or periods by which the violation or violations must be corrected. In addition, each citation may assess an administrative fine not to exceed two thousand five hundred dollars ($2,500) that shall be deposited in the State Corporations Fund. In assessing a fine, the commissioner shall give due consideration to the appropriateness of the amount of the fine with respect to factors including the gravity of the violation, the good faith of the person or licensee cited, and the history of previous violations. A citation issued or a fine assessed pursuant to this section, while constituting punishment for a violation of law, shall be in lieu of other administrative discipline by the commissioner for the offense or offenses cited, and the citation and fine payment thereof by a licensee or finder shall not be reported as disciplinary action taken by the commissioner.

(b) Notwithstanding subdivision (a), nothing in this section shall prevent the commissioner from issuing an order to desist and refrain from engaging in a specific business or activity or activities, or an order to suspend all business operations to a person, finder, or licensee who is engaged in or who has engaged in continued or repeated violations of this division. In any of these circumstances, the sanctions authorized under this section shall be separate from, and in addition to, all other administrative, civil, or criminal remedies.

(c) If, within 30 days from the receipt of the citation, the licensee, finder, or person cited fails to notify the department that he or she intends to request a hearing as described in subdivision (d), the citation shall be deemed final.

(d) Any hearing under this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) After the exhaustion of the review procedures provided for in this section, the commissioner may apply to the appropriate superior court for a judgment in the amount of the administrative fine and an order compelling the cited licensee, finder, or person to comply with the order of the commissioner. The application, which shall include a certified copy of the final order
of the commissioner, shall constitute a sufficient showing to warrant the issuance of the judgment and order.

SEC. 21. Section 22710 of the Financial Code is amended to read:

22710. The commissioner may upon three days’ notice and a hearing, suspend any license or registration for a period not exceeding 30 days, pending investigation.

SEC. 22. Section 22711 of the Financial Code is amended to read:

22711. Any licensee may surrender any license, and any finder may surrender a registration, by delivering to the commissioner written notice that the licensee or finder surrenders that license or registration. Surrender of the license or registration does not affect the licensee’s or finder’s civil or criminal liability for acts committed prior to surrender of the license or registration.

SEC. 23. Section 22712 of the Financial Code is amended to read:

22712. (a) Whenever, in the opinion of the commissioner, any person is engaged in the business as a broker or finance lender, or a mortgage loan originator, as defined in this division, without a license from the commissioner, or as a finder, as defined in this division, without a registration from the commissioner, or any licensee or finder violates any provision of this division, any provision of an order, or any regulation adopted pursuant to this division, the commissioner may order that person, licensee, or finder to desist and to refrain from engaging in the business or further continuing that violation. If, within 30 days after the order is served, a written request for a hearing is filed and no hearing is held within 30 days thereafter, the order is rescinded. For purposes of this section, “licensee” includes a mortgage loan originator.

(b) Notwithstanding subdivision (a), if, after an investigation, the commissioner has reasonable grounds to believe that a person is conducting business in an unsafe or injurious manner, the commissioner shall, by written order addressed to that person, direct the discontinuance of the unsafe or injurious practices. The order shall be effective immediately, but shall not become final except in accordance with the provisions of Section 22717.
SEC. 24. Section 22714 of the Financial Code is amended to read:

22714. (a) The commissioner shall suspend or revoke any license, license or registration upon notice and reasonable opportunity to be heard, if the commissioner finds any of the following:

(1) The licensee or registrant has failed to comply with any demand, ruling, or requirement of the commissioner made pursuant to and within the authority of this division.

(2) The licensee or registrant has violated any provision of this division or any rule or regulation made by the commissioner under and within the authority of this division.

(3) A fact or condition exists that, if it had existed at the time of the original application for the license, license or registration reasonably would have warranted the commissioner in refusing to issue the license or registration originally.

(4) There has been repeated failure by the finance lender, when making or negotiating loans, to take into consideration in determining the size and duration of loans, the financial ability of the borrower to repay the loan in the time and manner provided in the loan contract, or to refinance the loan at maturity.

(b) A master license may not be suspended or revoked pursuant to this section as a result of any action or failure to act by a subsidiary licensee unless grounds exist for the suspension or revocation of the master license pursuant to this section. An order suspending or revoking a license or registration or imposing sanctions against a licensee or registrant shall not affect other licensed or registered locations unless expressly stated in the order.

SEC. 25. Section 22757 of the Financial Code is amended to read:

22757. A finance lender, broker, or mortgage loan originator licensed under this division shall not pay any commission, fee, or other compensation to an unlicensed individual for conducting activities that require a license, unless that unlicensed individual is exempt from licensure or is a registered finder pursuant to this division.

SEC. 26. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or
1 infraction, eliminates a crime or infraction, or changes the penalty
2 for a crime or infraction, within the meaning of Section 17556 of
3 the Government Code, or changes the definition of a crime within
4 the meaning of Section 6 of Article XIII B of the California
5 Constitution.