

Assembly Bill No. 1466

CHAPTER 359

An act to amend Sections 12956.1, 12956.2, 27282, and 27388.1 of, and to add Sections 12956.3 and 27388.2 to, the Government Code, relating to real property.

[Approved by Governor September 28, 2021. Filed with
Secretary of State September 28, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1466, McCarty. Real property: discriminatory restrictions.

Existing law, the California Fair Employment and Housing Act, prohibits discrimination in housing based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information, and provides that discrimination in housing through a restrictive covenant includes the existence of a restrictive covenant, regardless of whether accompanied by a statement that the covenant is repealed or void. Existing law also provides that a provision in any deed of real property in California that purports to restrict the right of any person to sell, lease, rent, use, or occupy the property to persons having the characteristics specified above by providing for payment of a penalty, forfeiture, reverter, or otherwise, is void, except as specified. Additionally, existing law provides that any deed or other written instrument that relates to title to real property, or any written covenant, condition, or restriction annexed or made a part of, by reference or otherwise, any deed or instrument, that contains any provision that purports to forbid, restrict, or condition the right of any person or persons to sell, buy, lease, rent, use, or occupy the property on account of any of characteristics specified above, is deemed to be revised to omit that provision.

Existing law requires a county recorder, title insurance company, escrow company, real estate broker, real estate agent, or association that delivers a copy of a declaration, governing document, or deed, to place a cover page or stamp on the first page of the previously recorded document stating that if the document contains any restriction that unlawfully discriminates based on any of the characteristics specified above, that document is void.

This bill would require a title company, escrow company, real estate broker, real estate agent, or association that delivers a copy of a declaration, governing document, or deed to a person who holds an ownership interest of record in property to also provide a Restrictive Covenant Modification form with specified procedural information.

Existing law authorizes a person who holds an ownership interest of record in property that they believe is the subject of an unlawfully restrictive

covenant, as specified, to record a Restrictive Covenant Modification, which is required to include a copy of the original document with the illegal language stricken. Existing law requires the county recorder, before recording the modification document, to submit the modification document and the original document to the county counsel who is required to determine whether the original document contains an unlawful restriction based on any of the characteristics specified above. Existing law requires the county counsel to return these documents and inform the county recorder of their determination, and requires the county recorder to refuse to record the modification document if the county counsel finds that the original document does not contain an unlawful restriction. Existing law requires the county recorder to make Restrictive Covenant Modification forms available to the public.

This bill would additionally authorize a title company, escrow company, county recorder, real estate broker, real estate agent, or other person to record a Restrictive Covenant Modification. The bill, beginning July 1, 2022, would require a title company, escrow company, real estate broker, or real estate agent that has actual knowledge of a declaration, governing document, or deed that is being directly delivered to a person who holds or is acquiring an ownership interest in property and includes a possible unlawfully restrictive covenant to notify the person of the existence of that covenant and their ability to have it removed through the restrictive covenant modification process. The bill would, beginning July 1, 2022, and upon request before the close of escrow, require the title company or escrow company that is directly involved in the pending transaction to assist in the preparation of a Restrictive Covenant Modification, as specified.

This bill would require the county counsel, after their review, to return the documents to the county recorder and inform the county recorder of their determination within a reasonable period of time, not to exceed 3 months, as provided. The bill would require a person who requests to record a modification document to provide a return address in order for the county recorder to notify this person of the action taken by the county counsel. The bill would require the county recorder to make Restrictive Covenant Modification forms available to the public onsite or online, as provided, and require the forms to permit the submission of a form that will correct unlawfully restrictive covenants for multiple dwellings within a subdivision, as specified.

This bill would require the county recorder of each county to establish a restrictive covenant program to assist in the redaction of unlawfully restrictive covenants. In this regard, the bill would require each county recorder to prepare an implementation plan by July 1, 2022, as specified, identify unlawfully restrictive covenants in the records of their office, and to redact unlawfully restrictive covenants, as specified. The bill would require the County Recorders Association of California to submit reports to the Legislature by January 1, 2023, and January 1, 2025, of the progress of each county's restrictive covenant program and to annually convene a

best practices meeting to share concepts on the implementation of restrictive covenant programs, as specified.

Existing law imposes a fee, except as provided, of \$75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, per each single transaction per single parcel of real property, not to exceed \$225. Existing law exempts from this fee any real estate instrument, paper, or notice recorded in connection with a transfer subject to the imposition of a documentary transfer tax, as provided, or with a transfer of real property that is a residential dwelling to an owner-occupier.

This bill would additionally exempt from this fee any real estate instrument, paper, or notice executed or recorded to remove a restrictive covenant that is in violation of specified provisions of the California Fair Employment and Housing Act.

This bill, subject to authorization from the county's board of supervisors and in accordance with applicable constitutional requirements, would authorize a county recorder to impose a fee of \$2 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded for the purpose of funding the restrictive covenant programs established under these provisions. The bill would exempt certain documents from a fee established pursuant to these provisions. The bill would prohibit a county recorder to charge the \$2 fee after December 31, 2027, unless the fee is reauthorized, as specified.

Existing law authorizes recordation of certain documents, including a release, discharge, or subordination of a lien for postponed property taxes, without acknowledgment, certificate of acknowledgment, or further proof.

This bill would authorize the recordation of any modification document, instrument, paper, or notice to remove a restrictive covenant that is in violation of specified provisions of the California Fair Employment and Housing Act without acknowledgment, certificate of acknowledgment, or further proof.

By imposing new duties upon counties with respect to the imposition of the recording fee and new duties upon local county officials with respect to the redaction of unlawfully restrictive covenants, this bill would impose a state-mandated local program.

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.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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

SECTION 1. Section 12956.1 of the Government Code is amended to read:

12956.1. (a) As used in this section.

(1) “Association,” “governing documents,” and “declaration” have the same meanings as set forth in Sections 4080, 4135, and 4150 or Sections 6528, 6546, and 6552 of the Civil Code.

(2) “Redaction” means the process of rerecording of a document that originally contained unlawful restrictive language, and when presented to the county recorder for rerecording, no longer contains the unlawful language or the unlawful language is masked so that it is not readable or visible.

(3) “Redacted” means the result of the rerecording of a document that originally contained unlawful restrictive language, and when presented to the county recorder for rerecording, no longer contains the unlawful language or the unlawful language is masked so that it is not readable or visible.

(b) (1) A county recorder, title company, escrow company, real estate broker, real estate agent, or association that provides a copy of a declaration, governing document, or deed to any person shall place a cover page or stamp on the first page of the previously recorded document or documents stating, in at least 14-point boldface type, the following:

“If this document contains any restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code by submitting a “Restrictive Covenant Modification” form, together with a copy of the attached document with the unlawful provision redacted to the county recorder’s office. The “Restrictive Covenant Modification” form can be obtained from the county recorder’s office and may be available on its internet website. The form may also be available from the party that provided you with this document. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.”

(2) The requirements of paragraph (1) shall not apply to documents being submitted for recordation to a county recorder.

(3) A title company, escrow company, or association that delivers a copy of a declaration, governing document, or deed directly to a person who holds an ownership interest of record in property shall also provide a Restrictive Covenant Modification form with procedural information for appropriate processing along with the document.

(c) Any person who records a document for the express purpose of adding a racially restrictive covenant is guilty of a misdemeanor. The county

recorder shall not incur any liability for recording the document. Notwithstanding any other provision of law, a prosecution for a violation of this subdivision shall commence within three years after the discovery of the recording of the document.

SEC. 2. Section 12956.2 of the Government Code is amended to read:

12956.2. (a) (1) A person who holds or is acquiring an ownership interest of record in property that the person believes is the subject of an unlawfully restrictive covenant in violation of subdivision (l) of Section 12955 may record a document titled Restrictive Covenant Modification. A title company, escrow company, county recorder, real estate broker, real estate agent, or other person also may record the modification document provided for in this section. The county recorder may waive the fee prescribed for recording and indexing instruments pursuant to Section 27361 in the case of a restrictive covenant modification document. The modification document shall include a complete copy of the original document containing the unlawfully restrictive language with the unlawfully restrictive covenant language redacted.

(2) Beginning July 1, 2022, if a title company, escrow company, real estate broker, or real estate agent has actual knowledge that a declaration, governing document, or deed that is being directly delivered to a person who holds or is acquiring an ownership interest in property includes a possible unlawfully restrictive covenant, they shall notify the person who holds or is acquiring the ownership interest in the property of the existence of that covenant and their ability to have it removed through the restrictive covenant modification process. There shall be no presumption that a party providing a document has read the document or has actual knowledge of its content.

(3) Beginning July 1, 2022, if requested before the close of escrow, the title company or escrow company directly involved in the pending transaction shall assist in the preparation of a Restrictive Covenant Modification pursuant to this section, but the title company or escrow company shall have no liability associated with the recordation of a Restrictive Covenant Modification that contains modifications not authorized by this section on behalf of the requester.

(b) (1) Before recording the Restrictive Covenant Modification document, the county recorder shall submit the modification document and the original document to the county counsel who shall determine whether the language in the original document contains an unlawful restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry. The county counsel shall return the documents and inform the county recorder of its determination within a period of time specified in paragraph (2). The county recorder shall refuse to record the modification document if the county counsel or their designee finds that the original document does not contain an unlawful restriction as specified in

this subdivision or the modification document contains modifications not authorized by this section.

(2) For documents recorded pursuant to subdivision (a), the period of time shall be a reasonable period of time, not to exceed three months, from the date the request for recordation is made, unless extraordinary circumstances apply.

(c) If a person requests to record a modification document, that person shall provide a return address in order for the county recorder to notify this person of the action taken by the county counsel on the respective property. The notice required pursuant to this subdivision may be made on a postcard mailed by first-class mail.

(d) The modification document shall be indexed in the same manner as the original document being modified. It shall contain a recording reference to the original document in the form of a book and page or instrument number, and date of the recording.

(e) Subject to covenants, conditions, and restrictions that were recorded after the recording of the original document that contains the unlawfully restrictive language and subject to covenants, conditions, and restrictions that will be recorded after the Restrictive Covenant Modification, the restrictions in the Restrictive Covenant Modification, once recorded, are the only restrictions having effect on the property. The effective date of the terms and conditions of the modification document shall be the same as the effective date of the original document.

(f) A Restrictive Covenant Modification form shall be prepared and accepted for submission and recordation in all counties in substantially the following form:

RESTRICTIVE COVENANT MODIFICATION:

The following reference document contains a restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in Section 12955 of the Government Code, or ancestry, that violates state and federal fair housing laws and is void. Pursuant to Section 12956.2 of the Government Code, this document is being recorded solely for the purpose of redacting and eliminating that restrictive covenant as shown on page(s) ____ of the document recorded on _____(date) in book _____ and page ____ or instrument number _____ of the official records of the County of _____, State of California.

Attached hereto is a true, correct and complete copy of the document referenced above, with the unlawful restrictive covenant redacted.

This modification document shall be indexed in the same manner as the original document being modified, pursuant to subdivision (d) of Section 12956 of the Government Code.

The effective date of the terms and conditions of the modification document shall be the same as the effective date of the original document.

(Signature of submitting party)

_____ County Counsel, or their designee, pursuant to paragraph (1) of subdivision (b) of Section 12956.2 of the Government Code, hereby states that it has determined that the original document referenced above contains an unlawful restriction and this modification may be recorded.

Or

_____ County Counsel, or their designee, pursuant to paragraph (1) of subdivision (b) of Section 12956.2 of the Government Code, finds that the original document does not contain an unlawful restriction, or the modification document contains modifications not authorized, and this modification may not be recorded.

County Counsel

By:

Date:

(g) The county recorder shall make available to the public Restrictive Covenant Modification forms onsite in an appropriately designated area, or online on the county recorder’s internet website, either of which shall be deemed to satisfy the requirement of paragraphs (1) and (2) of subdivision (b) of Section 12956.1 to provide a Restrictive Covenant Modification form if the procedural information for appropriate processing is attached to the form. Those forms shall permit multiple submissions on behalf of different homes and for processing homes in batches with respect to a modification document that affects multiple homes or lots. The forms shall also permit the submission of a restrictive covenant modification form for a homeowners’ association or a common interest development to modify covenants, conditions, and restrictions that will correct unlawfully restrictive covenants for multiple dwellings within a subdivision.

(h) If a person causes to be recorded a modified document pursuant to this section that contains modifications not authorized by this section, the county recorder shall not incur liability for recording the document. The liability that may result from the unauthorized recordation is the sole responsibility of the person who caused the modified recordation as provided in subdivision (a).

(i) (1) A restrictive covenant modification that is approved by county counsel or their designee and recorded pursuant to this section removes the illegal covenant from all property affected by the original covenant regardless of who submits the modification.

(2) This section does not affect the obligations of the governing board of a common interest development as defined in Section 4100 or 6534 of the Civil Code if the board of directors of that common interest development is subject to the requirements of subdivision (b) of Section 4225 or of subdivision (b) of Section 6606 of the Civil Code.

(j) For purposes of this section, “redaction” and “redacted” mean the same as defined in Section 12956.1.

SEC. 3. Section 12956.3 is added to the Government Code, to read:

12956.3. (a) The county recorder of each county shall establish a restrictive covenant program to assist in the redaction of unlawfully restrictive covenants in violation of subdivision (l) of Section 12955.

(b) Each county recorder as part of their restrictive covenant program shall undertake all of the following:

(1) By July 1, 2022, prepare an implementation plan, which shall be publicly available and may be posted on the internet website of the county recorder, that does all of the following:

(A) Outlines how the county recorder will carry out the identification and redaction of unlawfully restrictive covenants.

(B) Provides timelines for when elements of their plan will be accomplished.

(C) Provides how the county recorder's office plans to track and maintain a record of homes with unlawfully restrictive covenants once they have been identified.

(2) Identify unlawfully restrictive covenants in violation of subdivision (l) of Section 12955 in the records of the county recorder's office.

(3) Beginning January 1, 2022, index a restrictive covenant modification document under the title of "Restrictive Covenant Modification" and shall make that index available in their office for the public, and if the county recorder has an index online, include the title in the online index.

(4) Redact unlawfully restrictive covenants in the records of the respective county recorder's office, subject to county counsel approval, by rerecording a copy of the original document with the unlawfully restrictive language redacted so that it is not readable or visible, using a Restrictive Covenant Modification Form substantially similar to the form set forth in subdivision (f) of Section 12956.2.

(c) The county recorder shall retain each nonredacted record for future reference and public request needs.

(d) (1) The County Recorders Association of California shall submit status reports on the progress of each county's restrictive covenant program established pursuant to this section by January 1, 2023, and January 1, 2025, to the Legislature. The report may describe the number of documents identified for redaction, and the implementation timelines for actions taken by each county recorder's office.

(2) The County Recorders Association of California shall convene a best practices meeting to share concepts on implementation of this section no later than December 31, 2022, with all California county recorder offices and meet annually thereafter until December 31, 2027.

(e) Nothing in this section shall be construed to restrict, delay, or modify access to any official record, or modify any existing agreements regarding access to any official record.

(f) For purposes of this section "redaction" and "redacted" mean the same as defined in Section 12956.1.

(g) The failure of a county recorder to identify or redact illegal restrictive covenants, as required by this section, or the county recorder's identification or redaction of any restrictive covenants that are later determined not to be illegal, shall not result in any liability against the county recorder or the county.

SEC. 4. Section 27282 of the Government Code is amended to read:

27282. (a) The following documents may be recorded without acknowledgment, certificate of acknowledgment, or further proof:

(1) A judgment affecting the title to or possession of real property, authenticated by the certificate of the clerk of the court in which the judgment was rendered.

(2) A notice of support judgment, an interstate lien, a release of lien, or any other document completed and recorded by a local child support agency or a state agency acting pursuant to Title IV-D of the Social Security Act (42 U.S.C. Sec. 651 et seq.).

(3) A notice of location of mining claim.

(4) Certificates of amounts of taxes, interest and penalties due, notices of state tax liens and extensions thereof executed by the state, county, or city taxing agencies or officials pursuant to Chapter 14 (commencing with Section 7150) of Division 7 of Title 1 of the Government Code, and Sections 2191.3, 2191.4, and 11495 of the Revenue and Taxation Code, and releases, partial releases, and subordinations executed pursuant to Chapter 14 (commencing with Section 7150) of Division 7 of Title 1 of the Government Code, and Sections 2191.4, 11496, 14307, and 14308 of the Revenue and Taxation Code.

(5) Notices of lien for postponed property taxes executed pursuant to Section 16182.

(6) A release or discharge of a lien for postponed property taxes as authorized by Chapter 6 (commencing with Section 16180) of Part 1 of Division 4 of Title 2.

(7) A fixture filing as defined by paragraph (40) of subdivision (a) of Section 9102 of the Commercial Code.

(8) An order affecting title to or possession of real property issued by a court in an action subject to Section 12527, authenticated by the certificate of the clerk of the court in which the order was issued or a copy of that order authenticated by a declaration under penalty of perjury by the Attorney General or by an assistant or deputy of the Attorney General attesting that the contents of the copy are the same as the original order issued by the court.

(9) A court certified copy of a satisfaction of judgment.

(10) A certificate of correction filed pursuant to Sections 66470 and 66472.1.

(11) Any modification document, instrument, paper, or notice to remove a restrictive covenant that is in violation of Section 12955.

(b) Any document described in this section, from the time it is filed with the recorder for record, is constructive notice of the contents thereof to subsequent purchasers and mortgagees.

SEC. 5. Section 27388.1 of the Government Code is amended to read:

27388.1. (a) (1) Commencing January 1, 2018, and except as provided in paragraph (2), in addition to any other recording fees specified in this code, a fee of seventy-five dollars (\$75) shall be paid at the time of recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, except those expressly exempted from payment of

recording fees, per each single transaction per parcel of real property. The fee imposed by this section shall not exceed two hundred twenty-five dollars (\$225). “Real estate instrument, paper, or notice” means a document relating to real property, including, but not limited to, the following: deed, grant deed, trustee’s deed, deed of trust, reconveyance, quit claim deed, fictitious deed of trust, assignment of deed of trust, request for notice of default, abstract of judgment, subordination agreement, declaration of homestead, abandonment of homestead, notice of default, release or discharge, easement, notice of trustee sale, notice of completion, UCC financing statement, mechanic’s lien, maps, and covenants, conditions, and restrictions.

(2) The fee described in paragraph (1) shall not be imposed on any of the following documents:

(A) Any real estate instrument, paper, or notice recorded in connection with a transfer subject to the imposition of a documentary transfer tax as defined in Section 11911 of the Revenue and Taxation Code.

(B) Any real estate instrument, paper, or notice recorded in connection with a transfer of real property that is a residential dwelling to an owner-occupier.

(C) Any real estate instrument, paper, or notice executed or recorded by the federal government in accordance with the Uniform Federal Lien Registration Act (Title 7 (commencing with Section 2100) of Part 4 of the Code of Civil Procedure).

(D) Any real estate instrument, paper, or notice executed or recorded by the state or any county, municipality, or other political subdivision of the state.

(E) Any real estate instrument, paper, or notice executed or recorded to remove a restrictive covenant that is in violation of Section 12955.

(b) The county recorder shall remit quarterly, on or before the last day of the month next succeeding each calendar quarterly period, the fees, after deduction of any actual and necessary administrative costs incurred by the county recorder in carrying out this section, to the Controller for deposit in the Building Homes and Jobs Trust Fund established by Section 50470 of the Health and Safety Code, to be expended for the purposes set forth in that section. In addition, the county shall pay to the Controller interest, at the legal rate, on any funds not paid to the Controller before the last day of the month next succeeding each quarterly period.

(c) If the Department of Housing and Community Development determines that any moneys derived from fees collected are being allocated by the state for a purpose not authorized by Section 50470 of the Health and Safety Code, the county recorder shall, upon notice of the determination, immediately cease collection of the fees, and shall resume collection of those fees only upon notice that the moneys derived from the fees collected are being allocated by the state only for a purpose authorized by Section 50470 of the Health and Safety Code.

(d) (1) Subparagraph (C) of paragraph (2) of subdivision (a), as added by the act adding this subdivision, shall apply to any real estate instrument, paper, or notice executed or recorded by the federal government on or after

January 1, 2018, and the fee imposed by this section shall not be imposed or billed for any real estate instrument, paper, or notice executed or recorded by the federal government in accordance with the Uniform Federal Lien Registration Act (Title 7 (commencing with Section 2100) of Part 4 of the Code of Civil Procedure) on or after that date.

(2) The Legislature finds and declares that subparagraph (D) of paragraph (2) of subdivision (a), as added by the act adding this subdivision, reflects the original intent of the Legislature in enacting this section and is therefore not a change in, but is declaratory of, existing law. Subparagraph (D) of paragraph (2) of subdivision (a), as added by the act adding this subdivision, shall apply to any real estate instrument, paper, or notice executed or recorded by the state or any county, municipality, or other political subdivision of the state on or after January 1, 2018, and the fee imposed by this section shall not be imposed or billed for any real estate instrument, paper, or notice executed or recorded by the state or any county, municipality, or other political subdivision of the state on or after that date.

SEC. 6. Section 27388.2 is added to the Government Code, to read:

27388.2. (a) In addition to all other fees authorized by this section, a county recorder may charge a fee of two dollars (\$2) for recording the first page of every real estate instrument, paper, or notice required or permitted by law to be recorded per each single transaction per parcel of real property, except those expressly exempted from payment of recording fees, as authorized by each county's board of supervisors and in accordance with applicable constitutional requirements. The funds generated by this fee shall be used only by the county recorder collecting the fee for the purpose of implementing a restrictive covenants program pursuant to Section 12956.2. "Real estate instrument, paper, or notice" means a document relating to real property, including, but not limited to, the following: deed, grant deed, trustee's deed, deed of trust, reconveyance, quit claim deed, fictitious deed of trust, assignment of deed of trust, request for notice of default, abstract of judgment, subordination agreement, declaration of homestead, abandonment of homestead, notice of default, release or discharge, easement, notice of trustee sale, notice of completion, UCC financing statement, mechanic's lien, maps, and covenants, conditions, and restrictions.

(b) The fee described in paragraph (1) shall not be imposed on any of the following documents:

(1) Any real estate instrument, paper, or notice recorded in connection with a transfer subject to the imposition of a documentary transfer tax, as defined in Section 11911 of the Revenue and Taxation Code.

(2) Any real estate instrument, paper, or notice recorded in connection with a transfer of real property that is a residential dwelling to an owner-occupier.

(3) Any real estate instrument, paper, or notice executed or recorded by the federal government in accordance with the Uniform Federal Lien Registration Act (Title 7 (commencing with Section 2100) of Part 4 of the Code of Civil Procedure).

(4) Any real estate instrument, paper, or notice executed or recorded by the state or any county, municipality, or other political subdivision of the state.

(c) A county recorder shall not charge the fee described in this section after December 31, 2027, unless the county recorder has received reauthorization by the county’s board of supervisors. A county recorder shall not seek reauthorization of the fee by the board before June 1, 2027, or after December 31, 2027. Any reauthorization period shall not exceed five years.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.